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ABSTRACT

Presented is the transcript of the hearings into the Department of Defense's February 1977 decision to terminate the Uniformed Services University of the Health Sciences. It was felt that the physician needs of the military could be more efficiently met by direct recruitment, and that the fiscal year 1978 budget could be reduced by $14 million in doing so. Statements are made by the surgeons general of the armed services, faculty and staff of the university, officials of government agencies, and faculty members of other public and private universities. (MSE)

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ED140763

[H.A.S.C. 95-14]

HEARINGS

ON THE

NEED FOR CONTINUATION OF THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

BEFORE THE

INVESTIGATIONS SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
NINETY-FIFTH CONGRESS
FIRST SESSION

MARCH 16, 24, AND 29, 1977

BEST COPY AVAILABLE

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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[H.A.S.C. No. 95–14]

INVESTIGATIONS SUBCOMMITTEE HEARINGS ON THE NEED FOR CONTINUATION OF THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
INVESTIGATIONS SUBCOMMITTEE,
Washington, D.C., Wednesday, March 16, 1977.

The subcommittee convened, pursuant to notice, at 10:39 a.m., in room 2337, Rayburn House Office Building, the Honorable Samuel S. Stratton (chairman) presiding.

Mr. STRATTON. The subcommittee will come to order.

The Chair would like to read a brief statement before we open these hearings, the first of the Investigations Subcommittee in this 95th Congress.

This morning the subcommittee begins hearings into the Department of Defense decision to terminate the Uniformed Services University of the Health Sciences, which is popularly known as USUHS. I don't know whether we can pronounce that in any fashion or not. But it does simplify the writing, at least. That decision was announced by Secretary Brown on the 22d of February and has been implemented through recommendations made to the Congress in the revised 1978 budget message, and also through directives within the services to draft plans for terminating the University prior to September 30, 1977.

In a public statement on the decision Secretary Brown said that the basis for his decision was economics. "Physician needs of the military services," he said, "can be satisfied more economically over the long run by direct recruitment. The fiscal year 1978 budget can be reduced by $14 million."

What Mr. Brown neglected to mention was that the USUHS was formally and officially established in Public Law 92–426, dated September 21, 1972; and that its creation represented the express intent of the Congress, an intention reiterated on numerous subsequent occasions, including the recorded votes of the Congress on the fiscal 1977 military construction authorization bill and the military construction appropriations bill.

Indeed, nowhere in the documents associated with Pentagon decision processes in this matter, at least those that have been made available to us—and I might interpose at this point that I am not convinced that we have all of the documents on this subject, but we are going to pursue this matter fully. But nowhere in these documents is this particular point even discussed. In fact, the impression given, both in the documents and in the press briefings, is that this is a matter wholly within the discretion of the Secretary of Defense.

Well, if he can terminate the Uniformed Services University of the Health Sciences with a budget memorandum, then he can do the same to West Point or Annapolis. No legal opinion addressed to this key point has been made available to the committee. I will take the charitable view that the omission results from naiveté and the general unfamiliarity of a new administration, rather than any arrogance on the part of the Executive toward the Congress.

The purpose of these hearings is threefold. First, to explore the processes by which the Secretary of Defense arrived at this decision—the information made available to him, the source of the recommendations received, and so on.

Second, to examine in detail the soundness of the information made available to the Secretary, on the basis of which he made this surprising decision. Obviously, the Congress believed the University had a necessary purpose. Have the facts suddenly changed overnight? Or has someone failed to present—or even listen to—the full story? In his appearance before the Armed Services Committee on the 2d of March, Mr. Brown acknowledged that he had not seen, for example, the report of the General Accounting Office which had been prepared at the request of Chairman Price.

We have also noted in our examination of the Department documents which allegedly formed the basis for this decision, some erroneous information. For example, one document states that,

> Military physician strength can be increased to 20 percent over current requirements by continuing the Armed Forces health profession scholarship program and the military doctor bonus at current levels.

That projection is contrary to the estimates of the Surgeons General of the military departments. Each of the Surgeons General estimates a shortfall in the requirement for his service in each of the next several years. We intend to get to the bottom of statistical matters such as these in the course of our investigation.

Finally, we intend to examine in detail the extent to which the Secretary has considered the costs, not merely in dollars, but also in personal careers; in common decency to individuals who entered into agreements in good faith; and in the commitment of our government to deliver quality health care to the men and women who volunteer to wear the uniform of the United States. Certainly on the basis of documents so far made available to this committee, the attention given to this particular matter was so flip and casual as to be scandalous.

Because of the serious nature of this inquiry, and to assure that all of the facts relevant to it are made available to the Congress, the Chair will insist that all witnesses be sworn.

[The letter of authorization follows:]

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., March 16, 1977.

HON. SAMUEL S. STRATTON,
Chairman, Armed Services Investigations Subcommittee, Committee on Armed Services, House of Representatives, Washington, D.C.

DEAR MR. STRATTON: You are hereby authorized, as Chairman of the Investigations Subcommittee, to administer oaths to witnesses at the subcommittee hearings on the decision to discontinue funding of the Uniformed Services University of the Health Sciences.

Sincerely,

MELVIN PRICE, *Chairman.*

We will begin this morning with Dr. Robert N. Smith, Assistant Secretary of Defense for Health Affairs. Dr. Smith, would you please come forward and be sworn.

Would you raise your right hand. Do you solemnly swear that the testimony you are about to give before this subcommittee in the matter under investigation shall be the truth, the whole truth, and nothing but the truth, so help you, God?

Dr. SMITH. I do, sir.

Mr. STRATTON. Would you please be seated.

You have a statement, I believe, Doctor, and we would be happy to have that statement at the present time.

TESTIMONY OF HON. ROBERT N. SMITH, ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

Dr. SMITH. Yes, sir. Good morning, Mr. Chairman and members of the subcommittee. I am Dr. Robert N. Smith, Assistant Secretary of Defense for Health Affairs. I have with me Perry Fliakas, who is Deputy Assistant Secretary of Defense for Installations and Housing, on my right, and Mr. John Dexter from my office on my left, who is Deputy Director for Cost and Budget Analysis.

I have been designated to represent the Department of Defense in connection with these hearings on the Uniformed Services University of the Health Sciences.

I have a prepared statement which I would like to present to the subcommittee. The statement addresses the Department's decision to terminate the University, the basis for that decision, and our current plans for disposition of the resources.

First, I would like to discuss briefly the atmosphere in which the bill authorizing the University was enacted into law. As you will recall, the draft ended in 1973 and the Defense Department was to be manned by an All-Volunteer Force. One of our prime concerns was how to attract sufficient numbers of physicians into the services without a draft. Various studies and reports highlighted a national physician shortage and forecasts predicted a critical shortage in the future. Since retention of physicians in the military had been a problem since World War II, there was considerable concern by the Department and the Congress regarding the system changes that would be necessary in order to attract and retain enough physicians to meet Defense requirements. You may recall that the administration opposed the bill authorizing the University, although Secretary Laird gave his personal support to the bill in 1971.

In 1972 the Congress by an overwhelming vote passed the Uniformed Services Health Professions Revitalization Act, known as H.R. 2. The legislation authorized the establishment of a Uniformed Services University of Health Sciences and the Armed Forces health professions scholarship program. The scholarship program would begin to provide physicians to meet the short term needs while the University was intended to offer a solution in the long term by providing a nucleus of career-oriented physicians. Variable incentive pay was enacted in May 1974 to better compete with physicians' pay in the civilian sector and thereby improve physician retention.

Since enactment of H.R. 2, the University issue has been the subject of debate in the Congress on numerous occasions. The issue of the cost of procuring physicians through the scholarship program versus the University has been thoroughly studied by the Congress and Defense. The House Appropriations Committee's surveys and investigations staff and the Defense Manpower Commission studies, the General Accounting Office study and studies by the University itself all produced varying results. The GAO report to the Congress, which was issued on May 5, 1976, includes a thorough evaluation of all previous studies and provides a cost effectiveness analysis which appears to be a sound basis for comparing the cost of both programs and is appropriate as a basis for choosing one alternative over another. The GAO analysis showed that the total cost per staff year of expected physician services would be $21,444 for the scholarship program as compared to $26,236 for the University. The result of this study was one of the key factors in the decision on February 22, 1977, to terminate the University. Thus, we believe the decision to close the University is a sound decision which is based on a thorough analysis of costs and the projected needs of the Department.

All of the details of termination have not yet been resolved; however, we intend to have a detailed plan by early April which will offer alternatives for use of the facilities and a plan for relocation of the students. Insofar as possible, we will minimize the disruption of the personal lives of the students. The 32 students currently enrolled will complete their first year at the University and then be relocated to other medical schools in September. They will continue in their present status and continue their education with a full scholarship. I have personally communicated with Dr. Cooper of the Association of American Medical Colleges, and he had agreed to assist us in placing the students in other medical schools.

In addition, we are reviewing our requirements for the National Capital area, including medical projects, to determine other needs that these buildings might satisfy. Requirements of the National Institutes of Health are also being reviewed. Finally, in evaluating this decision, we must consider future costs of operating the University relative to output. Current projections indicate that the Department will save in fiscal 1978, $14 million; in fiscal 1979, $20 million. And the projections indicate the Department will save $20 to $30 million each year thereafter in recurring operating costs. This is significant when we consider that the first 32 students are not scheduled to graduate until 1981, and if you include their postgraduate training, would probably not be able to serve in the Armed Forces until 1984.

This concludes my formal statement. I will be pleased to answer any questions you have regarding this matter.

Mr. STRATTON. That last sentence you added; it is not in your written statement.

Dr. SMITH. Yes, sir.

Mr. STRATTON. What do you say after the word "1981"?

Dr. SMITH. It should be 1980. That should be corrected, sir. I am saying that they would not be—until they complete their postgraduate training, which every physician completes after his medical education, that they would not be free for assignment until about 1984, considering a 4-year residency program. Some of that time might be

served in a military hospital, which at the present time we count as a half year of service for each year.

Mr. STRATTON. It would very likely all be served in a military medical hospital, wouldn't it?

Dr. SMITH. It would be possible for them to take residencies in military hospitals, or if residencies were not available in those hospitals, it would then be possible for them to take it in a civilian institution.

Mr. STRATTON. Well, I mean the point of getting them into the system is so that they will be available for the services. And I would assume that once they have completed their education their training would take place in military hospitals.

Dr. SMITH. Yes, sir, I would assume, too, in general. But the point I am making, they wouldn't be free to be assigned throughout the Defense Department until they completed their postgraduate training.

Mr. STRATTON. Well, I don't know about being assigned throughout the Defense Department. The point is that they would be available to the Defense Department. They would be occupying spaces in Bethesda and Walter Reed and other places, wouldn't they?

Dr. SMITH. Yes, sir. But there is a distinction between residency training and being a member of the staff, which means that you have completed your training, you are now a board-qualified physician in whatever area you have taken your training.

Mr. STRATTON. That may be a subtlety as far as the career of a physician is concerned. But in terms of meeting the needs of the armed services, I fail to see the point. You are trying to suggest that although this University is now underway, that it actually isn't going to do a bit of good to the armed services until 1984. And I think that is misleading.

Dr. SMITH. I don't mean to imply that it is not going to do any good, sir. I am implying that they would not be available.

Mr. STRATTON. I would hope not.

Doctor, I am interested in the statement that you make at the beginning of your remarks, that you have been designated to represent the Department of Defense in connection with these hearings. Who designated you to do that?

Dr. SMITH. I can't tell you exactly, sir. I was designated, as far as I know, by the Legislative Affairs Committee, and I am sure that was done in consultation with the Secretary.

Mr. STRATTON. The Legislative Affairs Committee?

Dr. SMITH. Yes.

Mr. STRATTON. What is that?

Dr. SMITH. Well, I do not mean committee, but the Legislative Affairs Office in the Pentagon.

Mr. STRATTON. Well, this is an investigating subcommittee, Doctor, and we are looking into a particular facet of activity that has been taking place over there. You were invited as a witness specifically because we wanted to talk to you. We don't want to talk to the Department of Defense; we want to talk to you. And I was wondering who specifically said you are going to be representing the Department of Defense in this matter as though all of the information that we get on this matter is going to come through you rather than from the particular witnesses that we may want to examine.

Dr. SMITH. No, sir, I don't believe that is the intent. I came in response to your letter, sir.

Mr. STRATTON. That's right, but did somebody come to you—did Mr. Stempler come to you and say look, you are going to carry the ball for the Defense Department on this thing?

Dr. SMITH. No, sir.

Mr. STRATTON. Well, then, who designated you? Why did you say that in your statement?

Dr. SMITH. Well, perhaps I would have been more accurate to say I am responding to your letter.

Mr. STRATTON. I think that would have been more accurate.

Doctor, this question of the future of the Uniformed Services University of the Health Sciences was first raised back in last November, was it not?

Dr. SMITH. Yes, sir.

Mr. STRATTON. And at that time who raised it?

Dr. SMITH. The issue was raised on the Program Budget Decision paper which was involved in the budgeting cycle at that time.

Mr. STRATTON. Well, who prepares the Program Budget Decision paper? I want to find out who brought this up.

Dr. SMITH. The budgeting cycle in the Pentagon, as far as my office is concerned, follows a procedure in which the budget, not only for the University but for all aspects of the health services is prepared in the Comptroller's Office in connection with whomever they consult, and it is then brought to my office and we are asked to comment on that budget. It is then returned to the Deputy Secretary of Defense's office, and he reads the matters which are presented to him and decides what options he will elect on the PBD.

Mr. STRATTON. Well, now, you got a document? Is that the first time you heard that this University was in trouble?

Dr. SMITH. Are you talking about last fall, sir?

Mr. STRATTON. Last fall, that's right. Yes.

Dr. SMITH. Yes, sir, that is true. There were rumors, but there are rumors all the time.

Mr. STRATTON. Well, I want to know what document did you get?

Dr. SMITH. We got the document which is marked—you don't have it—if you have the same papers in your folder that I have in this black notebook—oh, no. You have it under "L."

Mr. STRATTON. I don't think we've got the same papers.

Dr. SMITH. Yes, sir, you have the same paper.

Mr. STRATTON. Never mind the papers you gave us, because these look as though they were prepared primarily for this hearing.

Dr. SMITH. No; this is the Program Budget Decision paper which is marked at the top "187." I asked about the discrepancy between OP–53 and 187. The answer to that is that when the PBD's originally go out, they are given a temporary number, which is OP–53. Then when the Deputy Secretary of Defense makes his decision on the paper, it is given an official number, and that number is 187. So the 187 and OP–53 are essentially the same piece of paper.

Mr. STRATTON. Well, we have an OP–53.

Dr. SMITH. Yes, sir.

Mr. STRATTON. And when did you receive that?

Dr. SMITH. We received it on the 15th of November, sir.

Mr. STRATTON. And from where did you get it?

Dr. SMITH. It came from the Comptroller's Office in the Pentagon.

Mr. STRATTON. Well, who is the Comptroller?

Dr. SMITH. Mr. Wacker, Secretary Wacker.

Mr. STRATTON. Is his name attached to it?

Dr. SMITH. No, sir. His name is not attached to it. It comes from his office prepared by the staff people in his office who have responsibility for Health Affairs budget matters.

Mr. STRATTON. Well, is there any covering letter?

Dr. SMITH. No, sir. Only a routing slip.

Mr. STRATTON. Well, doesn't the routing slip indicate the origin?

Dr. SMITH. It indicates the office it came from, yes, sir.

Mr. STRATTON. Who delivered this to you? Did this come in the mail?

Dr. SMITH. It comes through the normal distribution process, yes, sir.

Mr. STRATTON. Well, who prepared this OP-53?

Dr. SMITH. Sir, I am not qualified to say who prepared it in the Comptroller's Office. That would be a question you would have to ask them.

Mr. STRATTON. Well, did you get on the phone and say, "What's going on here, I would like to talk to somebody about this." If they send up a routing slip saying we are going to tear down the Pentagon tomorrow, do you just sit down and write up——

Dr. SMITH. No, sir. We read——

Mr. STRATTON [continuing]. A statement, or do you say "What's going on here"? This is a relatively important document, isn't it?

Dr. SMITH. Yes, sir, it is.

Mr. STRATTON. It comes in, apparently, according to you, in faceless form. Apparently it materializes out of nowhere. Nobody drops it off; it just comes through the distribution system. Nobody's name attached to it, and no number on it, apparently. No date. It is surprising that the thing operates in this particular fashion. But did you not call anybody on it to——

Dr. SMITH. Mr. Chairman, I can respond to that. I knew it came from the Comptroller's Office; I knew it was part of the budgeting cycle, as we had had other PBD's come through. It was indicated that it was due in the Secretary's office the next morning. The budgeting cycle is a very strenuous exercise in that we have normally maybe 6 hours to respond to these; there are times when I think that is totally inadequate. So what we did was to collect some facts and to write an objection to this PBD, which we then sent back to the Secretary.

Mr. STRATTON. All right. Let me ask you this. You said you heard some rumors. Were you in fact aware that people in the Budget Office were thinking about recommending the termination of the Uniformed Services University?

Dr. SMITH. I was not aware other than rumor, sir. I had no direct contact with anybody in the Office of Management and Budget, nor any direct contact with anybody in the Comptroller's Office.

Mr. STRATTON. Who in the Comptroller's Office would normally handle medical matters of this kind?

Dr. SMITH. Mr. Flinn, who is present.

Mr. STRATTON. Mr. Flinn.

Dr. SMITH. Yes, sir.

Mr. STRATTON. Is this the gentleman that you are——

Mr. FLINN. Right here, sir.

Mr. STRATTON. And is he the gentleman, as far as you know, who prepared this memorandum?

Dr. SMITH. I don't know that he prepared all of it. I assume that he supervised the preparation of it.

Mr. STRATTON. I understand that this document that you are referring to has on it pros and cons.

Dr. SMITH. Yes, sir.

Mr. STRATTON. The "pro" section occupies about 1 inch, and the "con" section occupies about 4 inches. It was my understanding that when this first came through it didn't have any pros and cons in it. Is my information incorrect?

Dr. SMITH. Yes, sir, that is incorrect. This is the paper that came——

Mr. STRATTON. This is the way it came in.

Dr. SMITH. Yes.

Mr. STRATTON. All right. Now, you opposed that proposal, did you not?

Dr. SMITH. Yes, sir.

Mr. STRATTON. And you wrote a memorandum to the Assistant Secretary of Defense—Comptroller, stating your opposition?

Dr. SMITH. Yes, sir.

Mr. STRATTON. Do you want to summarize for us the reasons that you indicated in that document so that we can get them in the record?

Dr. SMITH. The nonconcurrence was written on the basis of outlining or highlighting the——

Mr. STRATTON. Well, let me interrupt.

Dr. SMITH. Do you want me to read it, sir?

Mr. STRATTON. Yes. Let me just try to get this into the record, because I think it is important that—in contrast to the testimony that you have given to us. I think it is important that the committee have the exact words that you used. You first of all opposed this. You nonconcurred in the Pentagon jargon; right?

Dr. SMITH. Yes, sir.

Mr. STRATTON. And you said that the reason that you didn't concur was that the University would provide a nucleus of career-minded health professionals, which is considered to be essential to the effective accomplishment of the military medical mission. Is that correct?

Dr. SMITH. Yes, sir.

Mr. STRATTON. Well, have you changed your mind on that point?

Dr. SMITH. I can comment to you, sir, on the whole——

Mr. STRATTON. No. I don't want any comment. I just want your answer to our questions.

Dr. SMITH. All right. The answer to the question is——

Mr. STRATTON. You took a position on the 16th of November, 1976.

Dr. SMITH. Yes, sir.

Mr. STRATTON. I understand your position. You've got a boss who tells you you are in agreement with the budget. But this is a congressional hearing. I am interrogating you as an individual who is charged with the top responsibility for health matters in the armed services.

Dr. SMITH. Yes, sir.

Mr. STRATTON. And I am asking you whether you, personally, as a doctor concerned with these matters, still believe that a nucleus of career-minded health professionals is considered to be essential to the effective accomplishment of the military medical mission and that this nucleus will be provided by this University.

Dr. SMITH. I believe, sir, that a nucleus of career-minded health professionals is essential. I think that the University could provide them. I think there are other means to provide them.

I think the thing that is not included in this is——

Mr. STRATTON. I don't want to get into this kind of an argument. You said that the university will provide this nucleus which is considered essential, and therefore you nonconcurred. Now, do you believe that statement today, or do you not? I don't care what else would provide it. I want to know whether you still believe that statement, or whether you changed your mind.

Dr. SMITH. Mr. Chairman, I have to say——

Mr. STRATTON. As an individual, I want your own opinion. I don't care what the——

Dr. SMITH. I will answer you, sir.

Mr. STRATTON [continuing]. What Secretary Brown thinks or what the Comptroller thinks. I want to know what you think.

Dr. SMITH. Yes, sir.

Mr. STRATTON. And we in Congress have the right to get your personal opinion on these matters when we ask for them.

Dr. SMITH. I will provide that to you, sir.

I would just mention that the reclama speaks to things which are nonfiscal. It speaks to the intangibles that the medical school could provide.

Mr. STRATTON. Doctor, don't try to direct the investigation. Just answer the questions. Do you agree with that position today or don't you?

Dr. SMITH. I agree with that statement, sir, if we can afford it. And that was the decision that the Secretary had to make.

Mr. STRATTON. Well, we will come to that matter. You are not the Comptroller of the Department of Defense. You are the expert in health matters, presumably.

Dr. SMITH. Yes, sir. But I must keep in mind cost, too.

Mr. STRATTON. Well, we are not concerned about that.

Now, you also say that the University will assist the military in retaining outstanding physicians by offering them opportunities to pursue careers in academic medicine while remaining on active duty. Do you also believe that today?

Dr. SMITH. Yes, sir.

Mr. STRATTON. As a matter of fact, isn't that one of the major reasons for the low retention of physicians in the armed services? Because they don't get the opportunity for careers in academic medicine in many cases; they just provide pills and iodine for healthy young men, and it is not exactly a challenging career for someone in the medical field. Isn't that true?

Dr. SMITH. That is one of the reasons, sir. But I don't think that that is a major reason. I think one of the reasons that we don't retain them is that we don't give them a sense of mission. We have a pediatrician

who comes into the service and we put him out at Andrews Air Force Base, and he is a pediatrician out there, too. He can't tell the difference between the military and civilian life. We need to give him a sense of mission.

I think there are a lot of things that work toward retention. This is certainly one of them.

Mr. STRATTON. OK. And you mention also that point, I assume, in the next sentence: "The school would serve as a vehicle by which military physicians will receive professional and academic recognition for significant accomplishments and contributions in medicine."

Dr. SMITH. Yes, sir, I believe that.

Mr. STRATTON. You still believe that.

Dr. SMITH. Yes, sir. That has been a problem with military physicians, being unable to receive academic recognition. But I think that brings up a point that we might look at in terms of the development of an American Board of Military Physicians or——

Mr. STRATTON. All right, let's just stick to this, Doctor, before we get into anything more. I can't handle anything more than one thing at a time.

"This institution is in a unique position to develop models in medical education and health care delivery systems." Is that still the case?

Dr. SMITH. Yes, sir, in that we have a unique situation in the services that we have both a direct care system, which is sort of a British type of medical delivery system. We also have the CHAMPUS program, which utilizes the civilian sector. So we have this contrast that we can use in looking at different systems.

Mr. STRATTON. All right. I think just "yes" or "no" is all we need.

The University will train global military physicians, as well as being a repository of knowledge on worldwide medical problems. You still believe that?

Dr. SMITH. Yes, sir. I think they would be trained physicians who would have knowledge of diseases which would be global rather than that which we are restricted to in the United States.

Mr. STRATTON. And you concluded that paragraph by saying, "All of these benefits make the Uniformed Services University a truly national health resource." Do you still believe that?

Dr. SMITH. Yes, sir. I think it would be.

Mr. STRATTON. And then you concluded, "Based on the above, I strongly recommend that the service estimate be accepted."

Dr. SMITH. Yes, sir.

Mr. STRATTON. And that was your recommendation on the 16th of November.

Dr. SMITH. Yes, sir.

Mr. STRATTON. All right. Now, what happened after you sent that recommendation to the Comptroller?

Dr. SMITH. This recommendation went back to the Deputy Secretary's office. Mr. Clements served in that position at that time. He took into account the PBD and what it had to say and what its recommendations were, took into account my reclama; and he then made the judgment as to what would be done in terms of the continuation of the medical school.

Mr. STRATTON. And that was what?

Dr. SMITH. That was that it would be funded in 1978.

Mr. STRATTON. Did you talk to Mr. Clements on this, or was this also done simply through the paperwork channels?

Dr. SMITH. No, this was done through the paperwork channel, sir.

Mr. STRATTON. You didn't have any further elaboration of these points that you have made?

Dr. SMITH. No, sir. The medical school reported to Mr. Clements through me, so that I saw Mr. Clements periodically, so that we had an ongoing relationship with regard to the University.

Mr. STRATTON. Well, did you have any discussion with Mr. Clements after you had first received this OP–53 document, and after you had prepared your memorandum?

Dr. SMITH. No, sir. The time constraints were such that in the preparation of this memorandum and getting it up to the front office, that took the time that was available.

Mr. STRATTON. Did you talk to anybody in the Comptroller's Office?

Dr. SMITH. No, sir, I did not.

Mr. STRATTON. Did you talk to Mr. Flinn?

Dr. SMITH. No, sir.

Mr. STRATTON. But the Deputy Secretary approved—what did he approve here? This document comes out as No. 187.

Dr. SMITH. Yes, sir. That is the same as OP–53.

Mr. STRATTON. All right. I don't see that anything has happened on here that——

Dr. SMITH. Well, at the bottom of 187 you will see the decision. It says the Deputy Secretary approved the service estimate. And at the top you will see there are two estimates. In the lines where the numbers are it says "Service estimate, service estimate, service estimate," and then "Alternative."

Mr. STRATTON. I see.

Dr. SMITH. He approved the service estimate, which was to continue the University.

Mr. STRATTON. $13.1 million in fiscal 1978.

Dr. SMITH. Yes, sir.

Mr. STRATTON. Now, on this document from the Comptroller, as I said, the arguments pro occupy only about an inch, and even that is mostly taken up with blank space. But the con arguments are very long here. And they say there is no indication that the Department of Defense or the Nation at large will be short of physicians at the time that the University will begin to graduate them. In fact, it now appears that DOD will be able to expand its physician strengths by over 20 percent without the output of the medical school. These physicians can be trained for the unique aspects of military medicine outside the context of DOD's own medical university. And you repeat this statement in your own remarks this morning.

Do you have statistics to back that up, Doctor?

Dr. SMITH. Those statistics come from OMB, from the OMB study on physician recruitment for Federal services, and also from the estimate of the number of physicians that will be available for recruitment made by the Department of HEW.

Mr. STRATTON. Who did you say prepared that estimate?

Dr. SMITH. OMB prepared the estimate that——

Mr. STRATTON. OMB?

Dr. SMITH. Office of Management and Budget, yes, sir.

Mr. STRATTON. And they prepared, in other words—this argument that is included in the Program Budget Decision was prepared by OMB too, then?

Dr. SMITH. It would be my estimate that that is where that number came from. You would have to ask the Comptroller. I don't know where that came from.

Mr. STRATTON. Well, that is fairly important, isn't it?

Dr. SMITH. Yes, sir.

Mr. STRATTON. That doesn't jibe with your own statistics, does it? Or the statistics of the Surgeons General of the services.

Dr. SMITH. The estimate of OMB was based on the——

Mr. STRATTON. I don't want to know what OMB was based on.

Dr. SMITH. Yes; it is an optimistic——

Mr. STRATTON. You are up here——

Dr. SMITH. It is an optimistic estimate.

Mr. STRATTON. Let me just make this clear, Doctor. This is why I started this out. You are up here to be examined on your own knowledge and your own views as the Chief Medical Officer of the Department of Defense——

Dr. SMITH. Yes, sir.

Mr. STRATTON [continuing]. On a subject which deals with your Department. I don't care what OMB says. We are trying to find out what you say. We want to find out what the medical experts of the Department of Defense think about this particular subject; then later on we will go on and perhaps talk to the OMB people. But I don't want your opinion on what OMB has to say. What I want to know is what are your figures on the retention of people in the armed services? What are your figures about the effectiveness of the scholarship program? And what are the figures compiled by the Surgeons General? We want to know what the facts are. We don't want a party lineup here because somebody in the White House, or OMB, or in the Secretary of Defense's office has said that this is what you are going to say.

You have figures in the Department medical offices that completely contradict this statement, do you not?

Dr. SMITH. Sir, we are at the present time about 5 percent short of physicians.

Mr. STRATTON. All right. You are 5 percent short of physicians.

Dr. SMITH. Yes, sir.

Mr. STRATTON. And that is going to get worse, isn't it, rather than better?

Dr. SMITH. When you make projections you make projections on the basis of certain suppositions. We make projections which are optimistic and which are pessimistic. The optimistic is based upon the fact that the scholarship program will be sufficient—I mean the amounts of money will be sufficient to pay tuition, and attract people into the program to the extent of 5,000 people. That would be the most optimistic. In that case I can give you for the record, sir, a list of our projections as to what we can recruit and what we can't recruit.

Now, the other side——

Mr. STRATTON. Wait a minute. Wait a minute, Doctor. Don't get so far ahead.

How long has the scholarship program been operating?

Dr. SMITH. It started in 1973, sir.

Mr. STRATTON. It has been operating for 3 years, then. And you are 5 percent short at the present time.

Dr. SMITH. Yes, sir.

Mr. STRATTON. All right. Now, I've got some figures here that I believe have come from the medical services, the medical branches of the three services, table 6, physician manpower projections, and they project in the three services the total for the Department of Defense, fiscal 1976, authorized end strength, 11,587; shortage to be filled by volunteer recruitment—that means going out on the street and hiring them, which you have been doing—989. Fiscal 1977, authorized end strength, 11,814; shortage to be filled by volunteer recruitment, 1,267. We are not even up to 1978 yet. Fiscal 1978, 11,700; shortage to be filled by volunteer recruitment, 1,118.

Fiscal 1979, shortage 679. Fiscal 1980, 786. Fiscal 1981, 672. Fiscal 1982, 842. Fiscal 1983, 847.

Are you unfamiliar with those figures?

Dr. SMITH. Sir, could I have just a minute?

Mr. Chairman, if I could respond, sir, we have figures which are not the same as these which indicate that we will have a shortfall—and I can give you the specific numbers. We have in 1977, 892; 1978——

Mr. STRATTON. You are talking for all of the Defense?

Dr. SMITH. Yes, sir.

Mr. STRATTON. What are those figures again?

Dr. SMITH. 892 for 1977, 425 for 1978, 97 for 1979, 183 for 1980, 143 for 1981.

I don't know where those numbers came from—I haven't seen those.

Mr. STRATTON. Well, what I have here—and we are going to get to the bottom of this, as I said in my statement. These are the projections compiled by all of the Services, by the Surgeons General of all of the Services. And your figures are a little bit different, but you still show a shortage instead of a 20-percent overage.

Dr. SMITH. Well, sir, I didn't say I agreed with the overage. The shortage——

Mr. STRATTON. Well, I realize that. But you have been trying to give me arguments as to why the Comptroller's decision was the right one. And you quoted the figures.

Dr. SMITH. I nonconcurred with this decision, sir.

Mr. STRATTON. Well, that is right. And I am trying to find out whether you nonconcur with it today as an individual who has some understanding of the problem that we face in the armed services on physicians.

Dr. SMITH. I can comment on that, if you want to go ahead to that point. I thought we were still talking about November. But if you want to talk about February——

Mr. STRATTON. We are talking about whether there is in fact any evidence that the needs of the services will be not only filled completely but exceeded by 20 percent through the operation of the scholarship program and with the elimination of the University of the Health Sciences.

Dr. SMITH. Sir, the answer to that is taking optimistic projections, we could be 20 percent over; taking the pessimistic projections, we could be 20 percent under.

Mr. STRATTON. In other words, then, in your judgment, these figures really don't amount to anything.

Dr. SMITH. They amount—no, this is not a fact.

Mr. STRATTON. What isn't a fact?

Dr. SMITH. The 20-percent overage.

Mr. STRATTON. I don't want to take up the time of the other members. We have another witness. So Mr. Daniel, any questions?

Mr. DAN DANIEL. Well, Mr. Chairman, initially I thought your statement was rather charitable; and then when I listened to the doctor, in the second paragraph, I have to conclude that there is perhaps a measure of arrogance because it appears to me that what we are facing here this morning so far as DOD is concerned is a fait accompli, because they say here they even have plans for disposition of the resources, which is somewhat startling to me.

Doctor, another thing you said here bothers me a bit too. You say that you may recall that the administration opposed the bill.

Dr. SMITH. Yes, sir.

Mr. DAN DANIEL. Well, of course that is true. The administration opposed a lot of bills passed by Congress. But that doesn't make them any less legal.

Dr. SMITH. No, sir. That is true.

Mr. DAN DANIEL. This legislation was passed creating this project; it completed the legislative journey and was put into effect. And now by fiat DOD just strikes it out. Why?

Dr. SMITH. Well, sir, may I respond to that.

The Secretary's budget is a recommendation to the Congress. It is up to the Congress to make the decision as to whether this stays in or is left out as the Secretary recommends. The Secretary made a recommendation to the Congress in fulfilling his obligation, his responsibility to prepare a defense budget. But it is up to the Congress——

Mr. DAN DANIEL. That is the whole point of why I brought this up. Why do you have plans for disposition of the resources if the decision hasn't even been made as to whether or not they are going to be disposed of?

Dr. SMITH. Well, the answer to that, sir, is that we have to anticipate. We also have some plans being made—I am sure the University has plans being made as to how they are going to continue.

The Assistant Secretary (I. & L.), the Assistant Secretary of Defense (Comptroller) and I are charged with developing plans. It doesn't say implementing plans.

I think we would be amiss if we were not to begin to think out the process, which will be a very strenuous exercise, not only in facilities, but in people.

Mr. DAN DANIEL. In the event that this does occur, doctor, what are you going to do with these 32 students? Now you say that you have talked with the Association of American Medical Colleges.

Dr. SMITH. Yes, sir.

Mr. DAN DANIEL. What have they told you?

Dr. SMITH. I talked to Dr. Cooper, who is the president, and I have also talked to a number of his staff, Dr. Schofield. They have assured me that they will assist us, or in essence become responsible for the placement of the students from the University.

Mr. DAN DANIEL. They have told you that they would place them.

Dr. SMITH. Yes, sir.

Mr. DAN DANIEL. Do you know why private medicine is opposed to this University?

Dr. SMITH. Having been a member of the House of Delegates at the time this was discussed in the American Medical Association, private medicine was afraid of the precedent of federally established medical schools. And the law in one place asked the Secretary to advise the Congress as to whether he thinks other institutions ought to be built in other areas of the country at some later date. I believe that is the answer, sir.

Mr. DAN DANIEL. Well, aren't the medical practices in the uniformed services unique to military environments and situations?

Dr. SMITH. Well, we have a dual responsibility. In peacetime our energies are consumed mostly in what would be a fairly standard practice of medicine in civilian life. That is, we are taking care of active duty people, their dependents, retirees, their dependents and survivors. So that is sort of like peacetime medicine.

Now, we have a special mission in our wartime responsibilities which involve other areas of medicine——

Mr. DAN DANIEL. All right. Now where are those people going to be trained? This is what I have reference to.

Dr. SMITH. What, sir?

Mr. DAN DANIEL. Where are these people going to be trained?

Dr. SMITH. They can be trained in service schools. There are residency programs in tropical medicine; there are residency programs in trauma, but they could also be trained within the services. And as I said, one of the things I would like to look at would be to see if we could establish a certification for military physicians similiar to the certifications for a surgeon or an anesthesiologist or an internist which would indicate that this physician has special competence in the field of military medicine. I think it is necessary to develop a mechanism by which we can give recognition—academic recognition and professional recognition to military physicians.

Mr. DAN DANIEL. Doctor, I want to go back to one question the chairman asked, because I am puzzled by it. What is different now from the situation that existed in October or November, whatever it was, when you took one position on this University and today you take another position? What has happened in the interim to change your position?

Dr. SMITH. The events that have occurred, sir, are that the Secretary has on several occasions in the meetings of the Armed Forces Policy Council indicated the extreme budget restrictions that this administration——

Mr. DAN DANIEL. Those people know as much about medicine as I know about atomic energy.

Dr. SMITH. Sir, if I could finish. I am going to tell you why I changed.

Mr. DAN DANIEL. Yes, sir.

Dr. SMITH. The Secretary indicated to each of us in our own responsible areas that we must exercise fiscal constraint. The Secretary's responsibility is to provide the resources that are necessary for the Defense Department commensurate with the moneys that he has to spend.

Mr. DAN DANIEL. I understand.

Dr. SMITH. And in order to do that he makes certain priorities. In this case medicine is not the most important thing in the Defense Department, although it is very important. When he got down to that area, he—it is my understanding that he made the decision on the basis that this was what he could afford in medical care and retain the other resources which were necessary for the Defense Department. He made a decision to use a stripped-down automobile which still provided transportation rather than an automobile with many useful and desirable accessories, in other words, better qualities—he made that decision on the basis of all the things that he has to consider. And looking at those facts and the fiscal constraints, I believe that it is reasonable to arrive at the solution that if that is the important thing, then that is a reasonable solution under those conditions, and that I agree with.

Mr. DAN DANIEL. Well, that doesn't make the need, though, for medical care any less desirable.

Dr. SMITH. No, sir. We have said we can provide the physicians necessary for the Armed Forces through the scholarship program. And our numbers show that we can.

Mr. DAN DANIEL. Well, why couldn't you say that in November?

Dr. SMITH. Because in the reclama that I sent back to the Secretary, I was looking at the intangibles. There isn't any question that the University would produce military physicians who should have and should be a better quality because of the specific training that they would get, because of the dedication to the service they would have in the University, but it doesn't mean that the people in the scholarship programs are unsatisfactory. They are satisfactory. And if the important thing is money, then that is where you have to come down—you have to come down on that side, because we have to provide the other things in the Defense Department for the overall defense of the country.

Mr. STRATTON. Would the gentleman yield to me?

Mr. DAN DANIEL. Yes, sir.

Mr. STRATTON. Doctor, you said a moment ago in response to Mr. Daniel that one of the reasons that you went along with this was that your figures showed that you could provide the doctors. You just told us that your figures show us that you can't provide the doctors.

Dr. SMITH. I said we would have a shortfall up until 1980, sir. After that we would——

Mr. STRATTON. Well, you even go beyond 1980 and you admitted these things could be 20 percent one way or 20 percent the other. But to tell us flatly that your figures showed that you wouldn't have a shortfall is just contrary to your testimony, and I don't think we ought to let that stand.

Dr. SMITH. No, sir. I didn't mean to be contrary. Because the rest of the projections show that we will not have a shortfall after 1981. But the other side of the coin, sir, is the University isn't going to provide us with any physicians between now and 1980. So they don't assist us in the shortfall area.

Mr. STRATTON. Well, we will get into those figures in more detail. But your answer to me a moment ago was that your figures indicated just as these figures that I read to you, that you had a shortage, you've got a shortage now, you are going to have a shortage into the foresee-

able future. And to say flatly in response to Mr. Daniel's question that we are going to have enough is just not true.

Dr. SMITH. We are going to have a shortage for 5 years, sir. After that we will have a surplus.

Mr. STRATTON. We will examine that, whether you really are going to have that for 5 years or whether you are going to have it longer than 5 years.

Dr. SMITH. All right, sir.

Mr. STRATTON. But on the basis of your testimony—you didn't give us any of this business—I think you stopped at 145 in 1981. Our figures go on to 1982 and 1983. But you try to throw something new in here.

Go ahead, Mr. Daniel.

Mr. DAN DANIEL. As long as money is the predominant factor, as long as money is more important than the health of our military personnel, we will never meet our requirements.

Thank you, Mr. Chairman. That is all I have.

Mr. STRATTON. Thank you, Mr. Daniel.

Mr. Robert Daniel.

Mr. ROBERT DANIEL. Thank you, Mr. Chairman.

I have an observation, really, more than a question. I have been trying to work my way through the figures that you have given us which was first presented in support of the University, and later figures are presented in opposition to the University.

In the tab D we see, for instance—this is the Sanford Paper for Wacker. One GAO study, $21,444 per staff year of service for the scholarship program, $26,236 for the University.

Dr. SMITH. Yes, sir.

Mr. ROBERT DANIEL. Then the second analysis, Federal cost per staff year, $32,068 for the scholarship program. The same analysis would have increased the cost attributable to the University very little above the $26,236. So actually, according to that second study, we would be getting a product in the graduates better tailored to military requirements for less money.

Then in tab C, you again have two comparisons here, the latter of which two makes it, if these figures are accepted, a devastating case against the University.

With such variances between supposedly carefully conducted studies, I have got to say that I harbor a suspicion about any figures you might give us to sustain the decision that has been made.

Dr. SMITH. Yes, sir, I recognize that it is confusing.

Mr. ROBERT DANIEL. What?

Dr. SMITH. It is confusing. I would comment on tab E. The figure that is given for $32,068——

Mr. ROBERT DANIEL. Tab E is the press release.

Dr. SMITH. I'm sorry, "D." I'm sorry, sir. That results from a request to have the GAO look at the costs on the basis of including all Federal funds that are put into medical schools in the whole country and then charging that off to the cost of the scholarship program. But 87 percent of the Federal moneys that go to medical schools are for research and for things that are other than directly related to medical education. Only 13 percent of it, about $155 million. So if you add the $1.018 billion, I think, to the scholarship pro-

gram and then divide it by the number of people that were going to graduate, then you come up with that figure $32,068. But I don't think it is logical to add in every dollar that the Federal Government contributes to the medical schools of the country as a cost of the scholarship program.

Mr. STRATTON. Would the gentleman yield there?

These are Federal payments to keep the medical schools in operation, just as building buildings are Federal costs to keep the Uniformed Services University in operation.

Dr. SMITH. Yes, sir. But why not divide it up among all the medical schools—I mean all the medical students in the country, then, which is about 57,000, 60,000 students. Now why just——

Mr. STRATTON. Because you are going to eliminate the University, so we've got to take care of these medical schools and the Federal Government is keeping every medical school in business. So that is up to the taxpayer.

Dr. SMITH. But the money would be paid to the medical schools whether we had anybody in them or whether we didn't. So you can't charge it all to the scholarship program, in my judgment.

Mr. ROBERT DANIEL. I have no further questions.

Mr. STRATTON. Mr. Nichols.

Mr. NICHOLS. Thank you, Mr. Chairman.

Doctor, who prepared this document under tab C? Is that a DOD release or a statement?

Dr. SMITH. That, sir, is a Program Budget Decision paper which was prepared in the same manner that the other one was, in the Comptroller's Office. Am I looking at the same—after tab C?

Mr. HOGAN. You have tab B, I believe. That is the sheet right there.

Dr. SMITH. OK.

Mr. NICHOLS. It has at the top "Uniformed Services University of the Medical Sciences."

Dr. SMITH. Yes, sir.

Mr. NICHOLS. Who prepared that?

Dr. SMITH. The transition team.

Mr. NICHOLS. The transition team?

Dr. SMITH. Yes, sir.

Mr. NICHOLS. Are you in agreement with the statements on this?

Dr. SMITH. What are you referring to, sir?

Mr. NICHOLS. I am referring to this statement: "Nor is there a national shortage of physicians." Are you in agreement there is no national shortage of physicians?

Dr. SMITH. Sir, you are asking me what my personal opinion is.

Mr. NICHOLS. Yes. I am asking you personally.

Dr. SMITH. I will tell you my personal opinion is confused at the present time. My personal feeling is that there is a shortage of physicians. But I read in the academic world, I hear deans, I hear people saying that by 1980 we are going to have a surplus of physicians nationally, but they are going to be maldistributed and they are going to have the wrong specialties. So it is not a question of answering yes or no to numbers, because there are other factors that are involved.

I am concerned that the impression that we are going to have an excess of physicians is incorrect.

Mr. NICHOLS. Let me go to the second page——

Mr. STRATTON. Would the gentleman yield to me?

Mr. NICHOLS. Sure.

Mr. STRATTON. Would you identify who this transition team is, Doctor? We have another one of these faceless documents that somehow just emerged out of the air.

Dr. SMITH. The transition team——

Mr. STRATTON. Who is the transition team as far as the Uniformed Services University is concerned?

Dr. SMITH. The transition team came in after the election.

Mr. STRATTON. I know. Who was it?

Dr. SMITH. Mr. Steadman was the chairman. There was also a Mr. Schaeffer on the team.

Sir, I would have to get the other names.

Mr. STRATTON. Who prepared this document?

Dr. SMITH. Well, it was my understanding—I don't know as a fact. It was my understanding that the transition team prepared this and gave it to the Secretary.

Mr. STRATTON. But did Mr. Steadman prepare it or did Mr. Schaeffer prepare it?

Dr. SMITH. I don't know, sir.

Mr. NICHOLS. Are any of those gentlemen present here, from the transition team?

Dr. SMITH. No, sir. Not that I am aware of.

Mr. NICHOLS. Can you explain what is meant on the second page. Let me read. "The political cost of termination should be less this year than heretofore." What do you think the transition team had in mind by that statement, Doctor? The political cost of termination should be less this year than before?

Dr. SMITH. Well, Mr. Nichols, sir, I am a doctor, and an amateur politician, but I will tell you what I think that means. I think that means that the transition team thought that the uproar would be less this year than if you did it later on next year. I would assume that is what that means. That is my interpretation.

Mr. NICHOLS. Doctor, how long have you been on board?

Dr. SMITH. I quit practice on the 28th of August and I started to work on the 30th of August in the Defense Department.

Mr. NICHOLS. Last year.

Dr. SMITH. Yes, sir.

Mr. NICHOLS. You are a holdover, then, from the prior administration.

Dr. SMITH. Yes, sir.

Mr. NICHOLS. And Mr. Clements was in concurrence with the medical school?

Dr. SMITH. Yes, sir.

Mr. NICHOLS. As late as November 16?

Dr. SMITH. Yes, sir. Whenever he signed the——

Mr. NICHOLS. And did you consider Mr. Clements to be fiscally irresponsible? You talk about the new group that wants to be fiscally responsible. Did you consider him to be fiscally irresponsible?

Dr. SMITH. No, sir.

Mr. NICHOLS. I thought he was pretty tight with the buck, myself.

Dr. SMITH. No implication of that at all. It is a question of where you put your priorities.

Mr. NICHOLS. Just one more question, Mr. Chairman.

What do you expect the retention rate to be under the scholarship program?

Dr. SMITH. Well, the scholarship program functions so that they must pay back year for year. So if you take the 4 years in medical school and their subsequent training, if they do it in the military, that is another 2 years. If they do it in a civilian institution, that is 4 more years. So what it means is that by the time they have completed their obligated service, they've got between 10 and 12 years of service. And our statistics show that after 10 or 12 years of service, we retain between 40 and 50 percent of the physicians who are still in service.

So I can only make an estimate on that basis. We don't have any experience yet, but that is the experience that we have now in terms of length of service.

Once a physician is in 10 to 12 years, approximately half of them complete their 20 years.

Mr. NICHOLS. Doctor, in the event Congress in its wisdom, or responsibility, as you may want to choose it, should elect to continue this school, have you made any plans contingent in that case in that eventuality?

Dr. SMITH. I have not personally. I would assume that whatever the Congress decides to do, that is what we will implement, sir.

Mr. NICHOLS. Thank you, Mr. Chairman.

Mr. STRATTON. Thank you, Mr. Nichols.

Mr. Badham?

Mr. BADHAM. Thank you, Mr. Chairman.

Is there a set obligation of service for a scholarship recipient?

Dr. SMITH. Yes, sir.

Mr. BADHAM. And what is that?

Dr. SMITH. Year-for-year. And in postgraduate training, if it is in a military hospital, it is a half-year for a year. If it is in a civilian hospital, it is year-for-year.

Mr. BADHAM. So medical school being 4 years in a civilian institution, you have 4 years' obligation.

Dr. SMITH. Right.

Mr. BADHAM. Well, how does that add up to 10 or 12?

Dr. SMITH. Well, it adds up to 10 or 12 because if you consider that after he has finished his medical school, he is probably going to take a residency, a post-graduate training course which is going to consume another 4 years.

Mr. BADHAM. And he gets that in the armed services?

Dr. SMITH. Yes, sir. Either in a military or in civilian hospital.

Mr. BADHAM. You take a person with a baccalaureate degree in premedicine, say.

Dr. SMITH. Yes, sir.

Mr. BADHAM. And you are going to pay his—under the scholarship program, 4 years of tuition at a civilian medical school.

Dr. SMITH. Yes, sir, that is medical school.

Mr. BADHAM. And then you are going to commission him; right? Is that the way it works?

Dr. SMITH. Yes, sir.

Mr. BADHAM. And then you are going to let him go back to another school or specialty school for 4 more years.

Dr. SMITH. This is not unique, sir. I don't know—most graduates——

Mr. BADHAM. I am not saying it is unique or not. I am just asking how does it work.

Dr. SMITH. Yes he has actually got to finish his training. Medical school is just the basis on which you then proceed to become a qualified surgeon or pediatrician, or whatever, by subsequent training. So it really is going to take them on the average 8 years to complete this. And the last 4——

Mr. BADHAM. And then 2 more years' residency after the specialist school.

Dr. SMITH. No, no. That is the special—that is the residency.

Mr. STRATTON. Will the gentleman yield.

Doctor, you are not saying that the minute he gets out of medical school he isn't immediately called to active duty in the services, are you?

Mr. BADHAM. Yes; he is.

Dr. SMITH. No; I am not saying——

Mr. STRATTON. This training takes place, as I indicated with my earlier question, in the services.

Dr. SMITH. Yes, sir. To a large extent that is true. But I merely—I am covering all the possibilities. There is a possibility that he could do this in a civilian institution.

Mr. STRATTON. Well, I think this is incredible to me.

Dr. SMITH. Well, all right. Let's take the military.

Mr. STRATTON. If we are going to send him to school and expect to get at least 4 years of service out of him, that then we let him go off on his own to some hospital or graduate school. That doesn't make sense. And if that is the way you administer the program, you are going to have a lot more shortfall than what you have indicated.

Dr. SMITH. OK. I have to correct myself. If he goes to a civilian school, he goes on inactive duty during that period. The reason for doing that is that I don't think we have available in the Armed Forces every specialty training that we might want.

Now, I would like to answer the question about the 10 years' obligation. If he finishes—if he takes the residency training program in the armed services, he has got 4 years toward retirement. That counts. Now, he has got an obligation of—that doesn't count against his obligated service. So he has got 4 years in medical school to make up. That is four and four is eight. And he has got 2 years for the residency program of required service. So after he finishes his required service, he has got 10 years of service toward retirement. And the statistics show that if we can keep him that long, we then keep half of them for the next 10 years.

Mr. BADHAM. If you can keep them that long.

Dr. SMITH. He has to stay that long.

Mr. BADHAM. Now the University student, what kind of an obligation does he have?

Dr. SMITH. He has 7 years; and then in addition to that, he will have whatever extra training he takes. So he is going to come out about 12 years.

Mr. BADHAM. Your statement on page 2 is that the scholarship program would begin to provide physicians to meet the short-term needs while the University was intended to offer a solution in the long term.

Dr. SMITH. Yes, sir.

Mr. BADHAM. You still go by that statement, because you made it today, I assume.

Dr. SMITH. Yes, sir.

Mr. BADHAM. Now, when you switched over during the transition period, as you mentioned in your statement, "appears to be a sound basis for comparing the cost of both programs and is particularly appropriate as a basis for choosing one alternative over another," on what basis did you ever make the decision that you were going to compare one program against the other as to have one alternative rather than the two, which was the original design of the Congress?

Dr. SMITH. Well, because the cost of producing a physician is more expensive—and I don't think there is any question about that, without any discussion of the intangibles—the cost of producing a physician in the University of Health Sciences is more than the cost of producing a physician through the scholarship program. So if we can save that money, if we have to go from 5,000 to 6,000 scholarships, we then can come back and use that money, or at least ask for it. I think it is a matter of economy.

Mr. BADHAM. Well, you know, with this transition, it seems to me to be a little bit political. I think the other end of Pennsylvania Avenue would be delighted if the Congress would put this back in the budget, and then the other end of Pennsylvania Avenue could say "Ah, look at that spendthrift Congress." We have tried to save this year's bucks; down at the end of the line we know it is going to cost more that way. But we are going to come out losers either way, I am afraid.

Now, these 32 people who have signed up are in the University now. The Association of American Medical Colleges has agreed to assist in placing the students in other medical schools.

Dr. SMITH. Yes, sir.

Mr. BADHAM. I wrote a little comment to myself, "Oh, where? Where?" Now it occurs to me, and you have said that there is a shortage that you believe occurs in physicians. It seems to me also that there is a shortage of medical school slots available to qualified applicants today in the United States of America, giving rise to such things as Guadalajara and other things.

Dr. SMITH. I am very familiar with that.

Mr. BADHAM. Yes. Now, how many would you estimate qualified baccalaureates are denied admission today to medical schools in the United States?

Dr. SMITH. Well, sir, I will answer that question, but the point is our students will be going in as second year students, not into freshman classes. They will be going into the second year. So we are not taking any slots away from people. People do flunk out of medical school and there are slots open in the second year. So that is where they would go.

The answer to your other question——

Mr. BADHAM. Wait a minute, let me stop you there, if I might. You are telling me that medical schools don't plan on a pretty statistically traditional attrition rate? In other words, you are telling me that all of a sudden now today that private and public universities, medical

schools around the United States don't know how many of their first-year people are going to flunk out?

Dr. SMITH. Yes; I suppose they do on the average. And that is where our students are going to go. There are enough places to put 32 students into the second year in medical schools across the country. There are going to be enough losses in the 110 medical schools during the freshman year or the first year that there will be spots open for people to go in. There isn't anybody else to fill them, unless you transfer one school to the other. Normally you transfer in medical schools at the end of your second year. That was classical when we had 2 years of pre-med—I mean 2 years of basic sciences and then 2 years of clinical. Now that is getting a little mixed up.

There are places open. They will not replace people coming in to medical schools as freshmen.

Mr. BADHAM. But we are eliminating the facilities for 32 physician trainee students if we accept this. Right?

Dr. SMITH. We are eliminating the facilities.

Mr. BADHAM. We are eliminating the facility that trains this year 32 doctors in a class, and in successive years up to 100. Right?

Dr. SMITH. Yes, sir. The purpose of that is because it is more economical to produce those physicians through the other programs.

Mr. BADHAM. Well, if we are not producing enough physicians anyway, which is your attitude——

Dr. SMITH. I said I didn't know whether we have a surplus or not, sir. I am really confused about whether we are going to have a surplus or we aren't. And if there is anybody who knows what the facts are in 1980, I would be perfectly willing to hear them.

Mr. BADHAM. Well, one thing we know about a service physician—you have talked about this business of malplaced. That is one thing we can do with military physicians; we can put them where the need is, can't we?

Dr. SMITH. We can put them where the need is in the Armed Forces, yes, sir.

Mr. BADHAM. That is right. Then that leaves that many places where other people can put other physicians.

Thank you. I have no further questions.

Mr. STRATTON. Doctor, have you been talking to any deans of medical schools lately?

Dr. SMITH. I haven't talked to one in 6 months, sir.

Mr. STRATTON. Well, I think maybe you are not aware of some of the things that have been happening. Are you aware of what was included I think in the HEW appropriations bill last year, that the medical schools are going to be required next spring—or this coming summer—to take a certain number of Americans who have been studying at Guadalajara and Italy and these other foreign medical schools—they are going to be required to take them back here.

Dr. SMITH. Yes, sir, I am aware of that, and I will tell you I worked hard in the American Medical Association to get a program called the Fifth Pathway to help these people come back.

Mr. STRATTON. All right. Have you talked to any of the deans of medical schools as to where they are going to put them?

Dr. SMITH. Yes, sir.

Mr. STRATTON. And are we going to be able to accept those plus the other 32 here that you are talking about?

Dr. SMITH. Yes, sir.

Mr. STRATTON. Well, I just don't believe it.

Mr. Dellums.

Mr. DELLUMS. Thank you, Mr. Chairman. I am not sure I have any questions. I find myself in an interesting position, being an advocate for the administration on this committee. I voted against the development of this institution in the first place, and I would like to hope that that doesn't speak to my particular biases. But it seems to me rather clear the situation is that we have two administrations, the previous administration and this administration, both in opposition for various and sundry reasons with the evolution of this medical training facility. We have a Democratic President that has decided for whatever reason to exclude this particular facility. So we have a classic contest of wills.

I was here and I think it is safe to say that F. Edward Hébert had been chairman of the Armed Services Committee for a long time and decided to retire last year. It seems to me that if we are going to be relatively honest with each other, one of the reasons why this particular facility came into existence in the first place was a tribute to the gentleman from Louisiana. Now, I am not going to place any moral judgment on that whatsoever. I just think that that is part of the reality. It went to the floor of Congress, it passed. And in so doing, the realization of that institution created a certain degree of self-interest, people got involved, wanted to see the facility go forward. Thirty some-odd students got involved in the program. Now we have this administration saying I don't think we ought to for whatever reason decide to proceed with it.

I think here that the gentleman has already made the point very obvious, that if the administration is recommending to us that it be dropped, we can make a very clear decision without all this emotionalism and haranguing as to whether or not we want to acquiesce in the judgments of the administration or to challenge the judgments of the administration. So I think that it is reasonable to have these hearings, but it seems to me purely within the context of: (*a*) Is there an extraordinary need that cannot be dealt with by other alternatives? And I think the gentleman has stated clearly that there are other alternatives in meeting the medical needs. (*b*) Will it disrupt the lives of the 30-some-odd people who are presently in the school? That to me is an overriding consideration. You can't put a dollar figure on the human quality, the human factor of young people who have placed a great deal of security—a great deal of energy into pursuing this course of action.

The gentleman has testified that—I would assume you are not saying 100-percent guarantee, but to the degree that it is humanly possible, there will be minimal disruption in the lives of the 30-some-odd students. I think they have laid out a course of action to see that these 30-some-odd students go into a second-year program. They have indicated that they can handle the military's needs. So I don't see the extraordinary crises; I don't see the emergencies.

The bottom line question is can we make it in the military without the school. The answer here is yes. I am sure that you would say, as

the gentleman pointed out, if you had the opportunity to do whatever you wanted, I am sure that there is a reservoir of people within the military who would like to see the school go forward. I mean it would be lunacy to not think that that was the case. But in the real world, where we have to make priority decisions and different people can arrive at different priorities, this administration has said this is not a priority for the Department of Defense and the administration at this particular moment. I, at this moment, Mr. Chairman, agree wholeheartedly with that decision, because I agreed with it when the previous administration arrived at the same decision.

We now have the opportunity to make a decision. Will we concur in the decision of the Department of Defense, or will we move against it. And I don't think that there is any tremendous investigative issue here. I don't think there is any clandestine activity. I think the whole thing is open and aboveboard. The Congress of the United States, against the better judgments of the executive branch, created, brought into existence an institution that was pioneered, fought hard for by the former chairman of this committee, the distinguished gentleman from Louisiana, Mr. Hébert. And I don't take anything away from that; I fought against that, but I lost that fight. It is now back before us in a different form. Maybe we will win it at this point.

But I don't think there is any need for any tremendous emotion or challenging of these persons. I think that the questions can be asked open and aboveboard, sanely, intelligently, in a rational sort of fashion, and we can arrive at a decision as to whether we want to put this back in the budget. I can give you my thoughts, that when the time comes to vote I will vote to sustain the administration, because I really don't think we need this facility.

I have looked at the figures in this document. Some figures indicate that it would cost more for the scholarship. But it depends on whether you include $10,000 per person that is already given to the universities or whether you don't. So you can develop figures to support or not support this issue.

Mr. BADHAM. Will the gentleman yield?

Mr. DELLUMS. I would yield to my colleague.

Mr. BADHAM. On that question there——

Mr. DELLUMS. I am just not sure where I see where the investigation is important.

Mr. BADHAM. I know all the previous stories too. Maybe not all of them, but a substantial number of them.

Are you suggesting, then, that every time we have a new administration we should go back and reinvent the wheel?

Mr. DELLUMS. No, I am not. I am simply saying that the administration within the context of our form of government has a legitimate right to establish a budget recommendation which it has done. We can decide that we wish to acquiesce in those recommendations or whether we choose not to acquiesce in those recommendations. I think this is a very straightforward matter. The Secretary of Defense and the President have decided this is a turkey, and let's get rid of it. And we can decide whether we agree that it is a turkey or it isn't.

Mr. BADHAM. How far does a program have to go before we say it is no good any more? I mean do we go back and tear down the Wash-

ington Monument because somebody didn't like that in the previous administration?

Mr. DELLUMS. Thank God this hasn't got to the point of the Washington Monument. If it had gotten to the point of the Washington Monument, I am just as rational and sane as the gentleman to my left. Then it would be very difficult to tear it down. The point is that we have not arrived at that point. One facility is near completion. It is in juxtaposition to a set of buildings that are related to the issue of health, and I am sure that it can be used very efficiently and very effectively. The question is whether we want to proceed to build the building and proceed to continue the business of the Federal Government of educating medical students in the armed services. I was opposed to that idea, one of the few times where Ron Dellums agreed with the AMA on any matter. But I yield to my colleague.

Mr. STRATTON. The gentleman doesn't disapprove, does he, of our trying to examine the premises on which this decision was made and trying to determine what the facts are?

Mr. DELLUMS. Oh, no. I think if you were to read back——

Mr. STRATTON. We had one little statement by the Secretary of Defense that had to do with the cost. Now we find that there is a document available that calls into question that cost statement. We have presented a statement that there is going to be a 20-percent surplus in doctors, but the chief medical expert of the Defense Department now tells us that he doesn't agree with that estimate.

Dr. Smith has testified that we can find places for these 32, but there is some other evidence that suggests that the medical schools are already protesting the fact that they have got to take these foreign educated students back, they don't have enough room; and what happens to them may not be quite as simple as having a little conversation with Dr. Cooper. And we haven't even discussed the question of what happens to somebody who gives up a $70,000 or $80,000 job to take a job on the staff of this school and then gets a notice in the mail that the Secretary of Defense has decided to cancel the school and he has to go back and try to find himself another job.

All we are trying to do is get the facts on which the gentleman and the other members of the committee can make their decision. And if the gentleman's mind is made up even before the facts are in, that is certainly his affair. But all this committee is trying to do is find out what the real facts are.

Mr. DELLUMS. I appreciate that. And I think that if you read the verbatim transcript, what I did say was I think there is validity in bringing the persons before the committee and asking them questions along those very lines: Can we meet the need? What about the question of cost? What will be the impact upon the military? I think that this is all fine. I guess what I am saying is that as I have sat here—and I am sorry I wasn't able to be here earlier because I was in a Democratic caucus meeting. I didn't think we were going to meet until after that was over. I am just sort of—maybe it is a personal feeling rather than a political judgment. Just the atmosphere of these hearings are not comfortable to me. They are uncomfortable. Because I get the feeling as the gentleman is being challenged that in some way there is something surreptitious going on here.

This is a bureaucratic thing. You were a holdover from the previous administration. There are some people who work with you who are interested in seeing this University go, and I understand that. There are some people who would like to see it stay, and I understand that as well. It is just that I just feel that the tone of these hearings in some way is what I am objecting to, as an investigation. Maybe we ought to call it a modest inquiry, rather than this in-depth investigation as if something is being covered up. I just think that it ought to be handled in a different kind of decorum, is what I am saying.

Mr. TREEN. If the gentleman will yield, may I make my modest inquiry before the bells ring?

Mr. STRATTON. I recall that the gentleman conducted his own hearings at one time in this building, and I think they were somewhat emotional, too.

Mr. DELLUMS. Yes, I think there are times when it is good to have emotional hearings. I guess what I am saying is that I just don't see this as——

Mr. DAN DANIEL. This isn't the time.

Mr. STRATTON. It just depends what you are emotional about, right?

Mr. DELLUMS. Right. Maybe it is the issue. Maybe I just don't see this as a big surreptitious thing, a clandestine activity. I think it is a straightforward matter. Some people think it is a turkey, some people don't. We ought to decide whether we agree with it or not. I just happen to think we could do without it. That is all.

Mr. TREEN. Mr. Chairman.

Mr. STRATTON. Thank you, Mr. Dellums.

Mr. Treen.

Mr. TREEN. Is this an open meeting?

Mr. STRATTON. Yes.

Mr. TREEN. It is not closed. Is it being called an investigation?

Mr. STRATTON. Sure, it is an investigation. That is what the committee is about.

Mr. TREEN. Are all of our hearings going to be open?

Mr. STRATTON. Not necessarily. If we get into classified material.

Mr. TREEN. Well, you don't anticipate we will get into classified material?

Mr. STRATTON. Not on this, no. But every member on the subcommittee wanted to get on it to go into investigations.

Mr. TREEN. Well, let me get on with my inquiry.

First of all, let me state that I am prejudiced in favor of retention. And I suppose that I am prejudiced in favor of it because, as Mr. Dellums has pointed out, the former chairman of this committee, F. Edward Hébert, is from my State of Louisiana; my district adjoins his, and I have a great affection for him.

The second thing I want to say is that I am going to labor as hard as I can to put that prejudice aside in making my own decision as to whether to approve the administration's proposal here or not. And I really think because I am prejudiced I probably will work harder at trying to get at what should be the controlling facts.

I do think that examining the question of whether we should go on with it in the year 1977 is a considerably different question than whether we should have in 1971 approved the project. We have incurred costs, we have commitments, et cetera.

You state in your statement, Dr. Smith, that the administration opposed the bill in 1971. Did the administration in subsequent years approve it by putting in the budget figures for the hospital?

Dr. SMITH. Yes, sir. The President signed it. Obviously the administration I would say approved it in the end, yes, sir. And it was funded, yes, sir.

Mr. TREEN. And every year in the budget request the funds for the startup and so forth were requested. Is this correct?

Dr. SMITH. They were what, sir?

Mr. TREEN. The funds were requested by the administration in every subsequent year.

Dr. SMITH. Yes, sir.

Mr. TREEN. So subsequent to the decision being made, the hospital has had the support of the administration. Would that be correct?

Dr. SMITH. The medical school has, yes, sir.

Mr. TREEN. I'm sorry. The medical school.

I have two questions. I will have a lot later when I learn more about this. But you have challenged the cost figure for accessions into this program. The hospital cost, according to the GAO study, was $26,236 a year, and you have challenged the scholarship cost, which is made up of $21,444 in direct DOD cost and some $10,624 in other costs. And I think you have a point there that needs to be looked at when you say that you shouldn't add in all of the Federal costs, all the Federal money going to all medical universities.

Can you give us a figure of the direct cost outside of the Department of Defense for each student in the scholarship program? You said something about 13 percent might be attributed directly and 87 percent not attributable directly.

Dr. SMITH. I was speaking, sir, of moneys that flow from the Federal Government to medical schools.

Mr. TREEN. Right.

Dr. SMITH. Which is $1.018 billion. And I said that 13 percent of that is attributable to medical education of all the medical students in the country.

Mr. TREEN. And 87 percent is in research grants.

Dr. SMITH. Is in research, yes, sir.

Mr. TREEN. And are you saying that the GAO took the total figure, the aggregate figure?

Dr. SMITH. They were requested to make a judgment on the basis of including all of the funds that are contributed. They did not do that initially, but they were asked to make an estimate on the basis of all the moneys that were given by the Federal Government to medical schools.

Mr. TREEN. I got the impression from you that what was done was they took the total number of students and divided it into the total cost to the Federal Government of all medical programs in arriving at the $10,624 figure. I guess I am asking you something I could find out by going back into the GAO study.

Dr. SMITH. Well, they divided the——

Mr. TREEN. They come up with a non-DOD cost per scholarship student of $10,624.

Dr. SMITH. Right. That means that goes——

Mr. TREEN. And you challenge that figure.

Dr. SMITH. No, sir, I don't—I am saying that I don't think it is appropriate to——

Mr. TREEN. You are challenging the rationale for it.

Dr. SMITH. Right, yes, sir.

Mr. TREEN. OK. You are not challenging the arithmetic, but the rationale.

Dr. SMITH. Right.

Mr. TREEN. I am trying to break that down. Well, I guess I am trying to get what figure—there must be some attendant Federal Government cost, non-DOD budget, connected with the scholarship student. What is it?

Dr. SMITH. OK. If you take the 13 percent that is contributed—that goes directly for medical education and you attribute all of that to the scholarship program, then that brings the scholarship program up, as I remember, in the area of $24,000. But even that isn't accurate or reasonable, I think, because everything contributed to medical schools should not be attributed to our scholarship program.

Mr. TREEN. Yes, sir. OK. I don't want to debate that with you at this point, but if you can tell me what would be the proper attributable figure. Would it be zero?

Dr. SMITH. No, sir.

Mr. TREEN. Or somewhere between zero and $10,624?

Dr. SMITH. If you use the same cost per staff year, which is the ultimate, that comes out to be $24,606.

Mr. TREEN. $24,000——

Dr. SMITH. $606.

Mr. TREEN. $606.

Dr. SMITH. For the scholarship program.

Mr. TREEN. And we arrive at that how, now?

Dr. SMITH. That is to attribute all Federal funds that go directly to education to the scholarship program and then add that into the cost of our scholarship program.

Mr. TREEN. Would you consider that to be legitimate? A legitimate cost analysis?

Dr. SMITH. Yes, that is correct.

Mr. TREEN. So then that would narrow it down to, according to GAO, $26,236 for the medical university cost, compared to $24,606——

Dr. SMITH. That goes on whether we have the program or not. I don't see how you can attribute that to——

Mr. STRATTON. Would the gentleman yield to me?

Mr. TREEN. Yes, Mr. Chairman.

Mr. STRATTON. What this analysis is simply that it costs the Government $4,900 to finance each student in a civilian medical school. If you are going to put this student in a civilian medical school, then the scholarship program that you pay is going to amount to a certain amount and the Federal Government is also going to be paying $4,900. You don't add in the cost of all the other students. You add in $4,900 for this particular student.

Mr. TREEN. That is what I am trying to get at, Mr. Chairman. Aren't there some directly attributable costs? Isn't there a student subsidy we pay to medical schools?

Mr. STRATTON. The medical schools receive, what is it, a capitation grant, I think, which is money that is paid to the school to finance the cost of the education of each student.

Mr. TREEN. I thought it was around $12,000 a year, something like that.

Mr. STRATTON. Well, we got the analysis here from the GAO.

Mr. TREEN. We raised it, I think.

Mr. STRATTON. And 39 percent of that $12,000 is the direct Government cost. And that applies to this student whether his scholarship is being paid for by the armed services or whether it is being paid for by his graadmother.

Mr. DAN DANIEL. Would the gentleman yield for one short question? Doctor, does the AMA oppose the distribution of these funds?

Dr. SMITH. Does the AMA—I can't speak for the American Medical Association.

Mr. DAN DANIEL. I know you can't, but you have been a member of the House of Delegates.

Dr. SMITH. Yes, sir. Do they oppose what?

Mr. DAN DANIEL. What we were just talking about, the subsidy.

Dr. SMITH. You mean the Federal subsidy?

Mr. DAN DANIEL. Yes, sir. The point is, what is the difference in the subsidy that we are talking about now and the education of the students at the college we have been talking about, the medical school, with Federal money?

That is all I have.

Mr. TREEN. Just one other question.

Dr. SMITH. I brought my computer, but I haven't gotten it out yet, but I will get it out now.

Mr. TREEN. Well, I assume we are not going to have any quarrel with the arithmetic. There must be some cost added to the DOD cost of the scholarship program that is directly attributable to the fact that we are sending a student to one of these schools, paying for him.

Dr. SMITH. The Federal Government; yes, sir.

Mr. TREEN. Yes. Other costs of the Federal Government, which, of course, we must look at.

Just one other question. I am looking at a summary sheet which is in support of the continuation of the University. And I would just like to get your reaction to this statement. This is a statement of one of the benefits to the University program.

> In addition to receiving a first-class basic medical education the USUHS graduates will be specially trained in their 11-month school year programs in medical staff and command operations, tropical medicine and parasitology, military preventive and environmental medicine, trauma and wound ballistics, and medical defenses against nuclear and chemical weapons.

Is this a legitimate area to consider in determining the value or lack of value of the University program?

Dr. SMITH. Yes, sir. The other thing to consider is how can that be done alternately.

Mr. TREEN. Yes. Well, that was my subquestion to that. Can we get this sort of training in the scholarship program? I mean is it really available? Like at Tulane you get tropical medicine, but you may not get parasitology, you may not get wound ballistics.

Dr. SMITH. Well, there are inservice schools that they could be trained in after they are commissioned.

Mr. TREEN. After the 4-year academic training. This is what you are talking about?

Dr. SMITH. Yes, sir.

Mr. BADHAM. Will the gentleman yield?

Mr. TREEN. Yes, sir.

Mr. BADHAM. That is an added cost, then, isn't it, directly to the scholarship students?

Dr. SMITH. It goes on now. And I don't think anybody is ever going to arrive at the point where they say, "I now know everything there is to know about tropical medicine, wound ballistics."

Mr. BADHAM. But when we are talking about who is paying it, you add that to the University cost of training, but you don't add it to the scholarship training. Right?

I yield back.

Dr. SMITH. Most programs go on one way or the other. I don't know what the quality or what level people come out in their training. We are getting into some areas which are not quantifiable.

Mr. TREEN. Right, I realized that when I asked the question, that you couldn't really quantify it. But I would just like to have for the record—I believe your statement is you do consider training in those areas for the American physician to be of substantial importance. Would you agree with that statement?

Dr. SMITH. Yes, sir.

Mr. TREEN. Thank you.

Thank you, Mr. Chairman.

Mr. STRATTON. Thank you, Mr. Treen.

Doctor, I don't think you can throw up your hands at these financial matters, because you are trying to rest your entire case on this. And obviously, if you send a student to a different kind of training program, the cost of that program, whether it is an ongoing program or not, is a cost for his education. And you just can't say, "well, these are going on anyway." The schools are going on anyway, too. But the cost of the student is still a cost.

Dr. SMITH. I am not trying to be evasive at all, sir.

Mr. STRATTON. We will adjourn, to meet again at 2 o'clock. We would like to have you back again, Doctor. And we have another very important witness, Admiral Custis.

And I am sorry we haven't been able to get to you, Admiral, but I hope you will be available this afternoon, because your testimony is very important.

So we will stand in recess until 2 o'clock this afternoon.

[Whereupon, at 12:26 p.m., the subcommittee was recessed, to reconvene at 2 p.m. the same day.]

AFTERNOON SESSION

Mr. STRATTON. The subcommittee will be in order.

Mr. Dan Daniel is on the way up, so I think we can properly begin. And in order not to detain Admiral Custis unduly here, who graciously agreed to come and testify, the Chair would suggest that we interrupt our interrogation of Dr. Smith and ask Admiral Custis if you would come forward.

Admiral, would you raise your right hand. Do you solemnly swear that the testimony you are about to give before this subcommittee in

the matter under investigation shall be the truth, the whole truth, and nothing but the truth, so help you, God?

Admiral CUSTIS. I do, sir.

Mr. STRATTON. Please sit down.

You have a prepared statement, Admiral, and why don't you begin reading that.

TESTIMONY OF VICE ADM. DONALD L. CUSTIS, U.S. NAVY (RETIRED), FORMER SURGEON GENERAL OF THE NAVY

Admiral CUSTIS. All right, sir.

Mr. Chairman, I am Dr. Donald Custis, the immediate past Surgeon General of the U.S. Navy. I am currently serving on a full-time basis as the Deputy Assistant Chief Medical Director for Academic Affairs of the Veterans Administration. I appreciate this invitation to present my views on the desirability of continuing the Uniformed Services University School of Medicine. I should like to make it clear, at the onset and for the record, that I speak for myself alone and that my statements in no way reflect the views or the position of this administration, the Veterans Administration, the Department of Defense, or any other executive department on the merits of the matter pending before you.

During my tenure as Surgeon General, I was intimately involved, and a member of the Board of Regents. During that time I witnessed spokesmen for organized medicine, specifically the American Medical Association and the American Association of Medical Colleges, come to acknowledge the need and actively support the development of this institution, both as a critical element for the future quality of military medicine and an incomparable national medical resource.

As you well know, the Congress authorized the creation of this school in the same legislation which provides scholarship subsidies for military health professionals. The latter program was designed to provide volume accessions to compensate for the loss of the doctors draft and the draft driven Berry plan. We know, from long experience, that those physicians coming into military service directly from the private academic sector are not well motivated for military medical careers. Historically, only 1 percent of their numbers stayed in uniform for any period beyond their obligatory payback time. The concept of a Uniformed Services Medical School grew from this experience and had an entirely different purpose from that of the scholarship program. This school was designed to provide a hard core of dedicated physicians with early exposure to the real world of Army, Navy, and Air Force environment and to a militarily focused curriculum not to be found in the civilian sector. I refer to such disciplines as aerospace and underwater physiology, tropical medicine, combat surgery, and military medical logistics. The resources for such unique instruction are presently ongoing in such outstanding facilities as the Armed Forces Institute of Pathology, the Armed Forces Radiobiologic Institute, the Army and Navy Medical Research Institutes, and the National Library of Medicine. All are adjacent to the new school's campus. In addition, there are the multiple specialized graduate schools, and finally, the exceptional teaching base of Walter Reed, the Bethesda Naval Hospital, and the National Institutes of Health.

It is statistically a fact that recruitment of physicians off the street has fallen far short of need and has been too heavily dependent upon foreign medical graduates. Projections for coming years signal increasing shortfalls in recruitment. Far more important, however, is the matter of retention. Budgetary restraints in recent years, compromising so many of the all-volunteer medical force programs, have had their adverse effect on the morale of our military physicians. The Uniformed Services Medical School is one of the most important of those programs. The enthusiasm and professional pride engendered by this project has permeated the ranks of our finest military physicians anxious for the opportunity of academic involvement. The consequence of cancellation of this school at this late date must be measured in more than wasted dollars. I, for one, would predict a palpable backlash in personnel loss by resignation and retirement stemming from disillusionment.

I will leave to others a repetition of the cost analysis which has been argued many times here and elsewhere. I am constrained to say, however, that the figures are there to convince any impartial witness of a favorable comparison with the true total cost of private medical education. When based on the extended years of active service from career commitment, those costs, in my judgment, represent a bargain investment.

In closing, Mr. Chairman, I would like to express a concern which has hitherto largely been ignored. I now question the premise that such a medical school, striving to produce a unique type of physician manpower for all of the uniformed services, properly belongs under the administrative aegis of the Department of Defense. No medical school could long survive such inconsistency of support. Without a stability of resource expectation, death by attrition will ensue. I would submit that the Department of Defense manifestly has other priorities which have been, and promise always to be, more pressing. If Congress is to permit this school to achieve its fine potential, it might well consider whether its intention might be better served under other, more appropriate Federal auspices.

That is all I have in my prepared statement, Mr. Chairman. I should be happy to answer any questions.

Mr. STRATTON. Thank you very much, Admiral. And we appreciate your taking the time to come here and make this presentation.

Just for the record, how long did you serve as Surgeon General of the Navy?

Admiral CUSTIS. From February of 1973 to August of 1976, a few months short of 4 years.

Mr. STRATTON. And it was during this time, of course, as you have already said, that the proposal for the creation of this University was made and the decision was made by Congress to implement it, and you were a part of that original operation that set up the school itself, and became a member of the Board of Regents, I believe.

Admiral CUSTIS. Yes, sir.

Mr. STRATTON. Could you elaborate a little bit on the point that you made at the top of page 3, that the consequences of canceling the school would result in a palpable backlash in personnel loss by resignation and retirement stemming from disillusionment?

Admiral CUSTIS. Yes, sir. What I have reference to is that there was a lot of enthusiasm at the beginning of the congressionally mandated program for an All Volunteer Force. In the medical segment, in military medicine, that enthusiasm gave birth to a whole series of programs to make military medicine more attractive and therefore recruitment more effective. There were promises given, and budgetary support lent to such things as increasing administrative support to physicians; automating not only management information systems in the health care delivery of military medicine, but also automation of clinical modalities, laboratory automation, central appointment system automation.

There was an ambitious program for training paraprofessionals to serve as physician extenders, as was going on in the private sector. There were promises made for additional funds for continuing medical education. All of these programs and more, without exception, have either been canceled or so compromised that they fall far short of the original promise. And I look to the most important program, namely H.R. 2, the scholarship and the medical school, as being probably the foremost of this concerted effort to plan for an attractive all volunteer medical force. This is the last one to perhaps go, and if it goes, I think it would be a straw on the camel's back.

It is amazing how far I have moved away from military medicine in the last 6 months, but I still think that my feel for it is not yet that obsolete. And I think I know particularly how the senior personnel in military medicine feel and how discouraged they are.

I know specifically of dozens of individuals who have told me if closure of this medical school is permitted to occur, they figure that there is nothing to stay around for, because it would be that discouraging.

Mr. STRATTON. You are speaking primarily of the more senior medical officers who are looking for a somewhat more challenging situation to persuade them to remain in military medicine, rather than going out and picking up some of the higher salaries that would be available on the outside?

Admiral CUSTIS. Yes, sir. I am referring to the middle and senior career types.

Incidentally, if I may take advantage of that question, Mr. Chairman, and allude to some of the discussion this morning, there was some reference made to the specialized schools for training in military medicine that, parenthetically, are still of very high quality, that these could be used to train the accessions from the scholarship programs into the unique disciplines of military medicine. But I would remind everyone that the faculty of those schools are the people I am talking about. Those are the hard core, career committed military physicians. And we need to be assured that they will be retained and succeeded.

For years there has been an average turnover of one-third of physicians in all the three services each year—one third per year. And there has been a terrible extravagance in overtraining new physicians, only to see them leave service after 2 years. Furthermore the faculty in these specialized schools is made up of a cadre of dedicated career people.

Mr. STRATTON. Dr. Smith in his rebuttal to the proposal to eliminate the school under the previous administration back in November of

last year mentioned this point that we went over this morning, that the University will assist the military in retaining outstanding physicians by offering them opportunities to pursue careers in academic medicine while remaining on active duty. That is basically the sort of thing you had in mind with your remarks; is that not the case? That the senior people that are involved in these academic opportunities, if now we wipe them out completely, are not going to stay on active duty; they will go somewhere else? That is the same point you were making, isn't it?

Admiral CUSTIS. Yes, sir. I think those two points are comparable. I was trying to remember all that Dr. Smith said in that connection.

Mr. STRATTON. Well, we talked this morning about the 32 students who are presently in the school and whether they could or couldn't get in somewhere in a medical school, private medical school. And I know every Member of the Congress has had probably hundreds of letters from students who have come to the ultimate course of calling on their Congressman because it is so impossible to get into a medical school. But also, I am concerned about the faculty members that we have lined up for this school and have engaged, and as I understand it, in some cases we have highly qualified people from other jobs. They have given up those jobs and have come here for the purpose of becoming faculty members. Are they also the ones that you feel would become disillusioned and would leave the service altogether?

Admiral CUSTIS. Yes, to some extent, but I really shouldn't speak for the military members of the faculty, Mr. Chairman; I am not privy to their feelings. They are still on active duty and can be given other opportunities. But the real disruption within the school would seem to me to be the civilian faculty members who have just in recent months made a complete move geographically and professionally. And I am sure that some of them already have acquired tenure with this new school.

As for the students, I do happen to have recently learned what figures we are talking about in terms of competing for open positions in medical schools. The health manpower legislation, Public Law 94-484, requires acceptance on the part of American medical schools of American citizens in foreign schools after their second year. If that is implemented as it is now written, it could involve as many as 3,000 Americans in foreign schools. Those are soft figures. As a matter of fact, I am told the AAMC can't find out for sure how many exactly. But they would expect something between 500 and 1,000 or more transfers per year. In other words, at any given time, that number would be seeking accommodation in American schools. That is a pretty tough competition, numberwise.

Incidentally, the vacancies in schools after the first and second year are really not very great. For every one accepted into American schools, two don't make it. Those accepted are very competitively selected, and they have extremely high grade ratings. The flunk-out rate based on scholarship is practically nonexistent. It is estimated that about 2 percent do not finish once they start medical school. But the reasons are usually ones of health or economics. Not because they don't succeed intellectually. They are very well chosen.

Mr. STRATTON. This is the point I was trying to raise this morning. I know the dean of the Albany Medical School in my district ex-

pressed grave concern over this provision of the appropriations bill which requires them to accept a certain number of these American students who are studying abroad. And I got the impression from him that they felt that their whole program, their standards, everything would be virtually wiped out if they were forced to take a specific number of students. Not only do they not have the space for them, but it would disrupt their program otherwise. And I find it hard to see how if other deans are taking that same attitude—and he tells me that they are, that they all feel the same way—how they are going to squeeze 32 students in somewhere just because the Department of Defense would like them to be squeezed in.

Admiral CUSTIS. The AAMC incidentally, does not place students in schools. I am sure they could be effective by way of persuasion on the deans to give these students every consideration.

Mr. STRATTON. But if the slots aren't there, they can't do anything about it, can they?

Doctor, what about this question of the supply? You have been out of touch now for just a little while, but when you were Surgeon General was there an indication that the situation was so good that even with the scholarship program, alone, we would be able to get 20 percent more applicants than we really needed?

Admiral CUSTIS. We launched our first physician recruiting effort—that is, in recent history in the Navy, we launched our first recruiting effort in 1973, and we were very optimistic. We were enthused. We had a lot of these new programs, you know. We thought things were getting a little rough in the private sector. And especially when the variable incentive pay became available. The first year we didn't do too well. We fell short by about 50 percent of our quota, but we thought that was because of our inexperience. But the next year around, we still didn't fill our quota. I think we wound up with something like two-thirds of our quota, if my memory serves me correctly. And about one-third of those we took were foreign medical graduates. We started off thinking that we would be very selective and very critical of a foreign medical graduate. We tried only to select only the best. But we soon found out we had recruited some real problems.

To answer your question directly, in the years that followed and up until just recently—and I understand it hasn't changed that much—the success in direct recruiting is getting more and more discouraging.

Mr. STRATTON. Dr. Smith told us this morning that the figure that we were presented to justify relying entirely on the scholarship program might be a little bit optimistic. Would you say that the real situation would be on the pessimistic side rather than the optimistic side?

Admiral CUSTIS. Mr. Chairman, in my last answer I was talking about recruiting off the street. The initial success with the scholarship program was very promising. I think the shortfall there began only this year—I think Dr. Smith used 5-percent shortfall?

Dr. SMITH. Yes.

Admiral CUSTIS. I would predict that that is the beginning of a trend, unless something is done about the very competitive HEW medical scholarship program. The latter just recently has been upgraded again so that HEW stipends are one-third greater than those of the Armed Forces scholarship programs. The payback requirements are not comparable at all.

What's more, there are, I am told, a total of 28,000 HEW medical school scholarships, compared to 5,000 military. And monetarily and every other way, a far more attractive, competitive program. If there isn't some balance accomplished between these two opportunities for medical students, I would expect military medicine to see increasing shortfalls in people taking their scholarships.

Parenthetically, it is interesting that there are about 50,000 medical students in U.S. medical schools, and 28,000 HEW scholarships for those 50,000 people.

There were two things that we could always count on, Mr. Chairman: Our graduate medical education programs, our residency programs in military hospitals were always and still are very popular. Of the physicians that we could accommodate in-house for training in the specialities, one-third of them stayed with us for some indefinite period beyond their payback time. That is where we obtained our career people. The draft, the Berry plan really didn't provide any significant permanent accessions.

The second popular thing, once it got going, was the scholarship program.

Mr. STRATTON. Well, the Department of Defense says that the scholarship program will take care of all of our needs. You say that that is encouraging. But do we have any idea of how long scholarship people are going to stay in and how much retention that program will have?

Admiral CUSTIS. Sir, I think we can only go on our historical experience. If a scholarship product comes into the system and is given graduate medical education in a military environment, there is a one-third chance he will stay beyond his payback time. Two out of three will leave as soon as they can.

Whether adequacy can be accomplished in terms of numbers with the scholarship program depends on whether or not the scholarship program, one, is increased in size—it is not big enough to accomplish it now—and also made competitive with the HEW scholarship program.

There are other options. For example, one thing that we never like to talk about; that is a return to a doctors draft. There are ways of filling those ranks. But I do not see, personally, that there is anything in the scholarship program that will quite compensate for that unique product this school was designed to produce, any more than a return to a doctors draft would compensate for the loss of this school.

It is a specious argument. They don't relate; it is not the same thing. The school was never meant to be a significant source of accessions. The school was to be something special. It was to create a hard core of dedicated, motivated military physicians.

Mr. STRATTON. The latest figures that we have gotten from the Surgeons General of the armed services I read this morning into the record, and the shortfall to be filled by volunteer recruitment after all the accessions through the scholarship program and the Berry plan, and assuming that the medical school goes into effect, would still amount to a 1,100 shortage to be filled by recruitment off the street that you were saying a moment ago; 1,056 for fiscal 1978, 875 in fiscal 1979, 875 in 1980, 789 in 1981. And your testimony is that based on our experience so far, we would have great difficulty in trying to fill that number of slots just by getting people off the street.

Admiral CUSTIS. Mr. Chairman, based on my exposure and experience, I would make the categorical statement that that is impossible.

Mr. STRATTON. Somebody has said that if we wanted to go back to a doctors' draft, that wiping out the Uniformed Services University would be one of the quickest ways to accomplish it. Would you think that that was a fair statement?

Admiral CUSTIS. I would say, sir, that as we see the programs canceled one by one that were originally designed to make an All-Volunteer Force succeed—the University was one of the most important ones—then the only option left, it seems to me—would be to fall back on a draft. If one were to want that, ulteriorly, as their goal, then one would get rid of these programs and let such attrition take place that the Congress would be forced to address anew the issue of a doctors' draft.

Mr. STRATTON. Thank you.

Mr. Leggett?

Mr. LEGGETT. Thank you, Mr. Chairman.

I am afraid I am not a very good investigator on this subject matter, because my mind is already made up. It so happens that when we formulated this concept of developing a Uniformed Services University of the Health Sciences, we had just completed a new school in my congressional district in California with Dean Tappler. And we did it on a limited budget, and we now have one of the finest medical schools out there in the United States. And I think it is due to excellent management. They were in a temporary plant a large portion of the time. As a practical matter they interrelate with our military hospitals and they use the military hospitals quite extensively to promote the training of the students.

Admiral CUSTIS. You are referring to Davis.

Mr. LEGGETT. Davis. That is true.

It appears to me that we have several schools of thought going on in the country today with respect to medicine and a question of whether or not we have surplus doctors. And I read something the other day that indicated that we were limiting the entrance into the United States of foreign medical graduates on the theory that we were chock-a-blocking the States here with doctors. And that didn't seem to square with any of the facts as I know them. And as I have generally been led to believe, we still are panicked in Sacramento and all over the very lush areas of California to get military doctors to moonlight on their spare time so that they can handle the domestic community.

As I look at the medical schools in the country, the only State that really is producing a large number of surplus doctors, I guess, is Michigan. And so we get our doctors from Michigan and foreign medical school graduates.

And it was my thought that we could develop a cadre of well-motivated people that were not so much looking at the big bucks, like $414,000 that one doctor made in New York off of medicare for last year—or medicaid. I didn't mean to slam New York, because I am sure we've got doctors in California that are doing just as well. But we have to get the dollar signs out of the eyes of doctors and get patients more in them. And it seems to me that if we can have people grow up and look more toward patients rather than toward dollars, then we can

to a degree hypnotize them into a system which is beneficial. And you've got some statistics here that I guess were developed in past years, in 1975, indicating that it cost us unitwise $20,000 more, $80,000 to $100,000, to produce a doctor in this medical school as opposed to the scholarship program. But it seems to me that if we could motivate the people to stay 20 percent longer, or 50 percent longer, or twice as long, or put a simple restriction on admission to the school, that you've got to subscribe to stay in the service for 10 years or 15 years to go to this school of military medicine, then it would seem to me that we can provide some real hard-cutting requirements to maintain our doctors rather than having them go through the chair, so to speak, in this revolving training program, and we can actually keep our people in the system.

And I think the idea that we had that was passed by our committee 2 years ago, where we passed it out of committee, I think, with one vote excepting, passed it off the floor with almost no votes excepting, is still an extremely viable concept. And to charge now in a revised calculation that it costs a lot of money for the plant and then to charge the plant against the students, I don't think we really need to do that. I think that if we want this school, we could be running this school in a building downtown rather than in a new plant. The plant, of course, is just about built. We don't need to run it like a Taj Mahal. We can run it on an extremely austere basis. We don't need to necessarily have all the specialties, because one of our major problems is that we just don't have enough general practitioners, and we could develop a school of military medicine that would be centered on just that area, or we could change it from time to time depending upon what our requirements are.

And so it seems to me that the determination that has been made by the administration to close down these projects has been very precipitous and very much like the water project decisions that the administration has made and is now hastily retreating from, and much like the decision that was made in the Department of Defense over the last few weeks to require that contracting out be increased by 50 percent over the next several years. I don't think that is a wise decision at all, and I think that ought to be reversed.

Admiral CUSTIS. Mr. Leggett, I would agree with everything you said except your figure that it costs $80,000 more to train an individual in this school. On the other hand, I am not the one to start——

Mr. LEGGETT. Maybe you misunderstood me. The figures we have here in our tab A indicate that it costs $80,000 for 4 years under the scholarship program, and $99,992 for 4 years under the University of the Health Sciences Program. So that is very competitive. And then it has under here revised calculations, and it shows that the costs are substantially different, but they would attempt to tag onto the Health Sciences University a large portion of the plant that is being constructed at the present time. And I think that the plant is beside the point. We don't need a big plant. I think we need a hard-core cadre of military medicine to be specialists in military medicine, to develop that as a specialty, and also to have people orient themselves toward military medicine from the outset, rather than dropping in as a sabbatical from the private practice.

Admiral CUSTIS. The other thing, Mr. Leggett, is that these figures—and again I promised myself I wouldn't get involved in cost analyses in front of you. But these figures are also very fluid. The tuitions in medical schools are escalating at a very rapid pace. My own medical school just announced last week that tuition will go up next year from $4,500 to $6,700. Georgetown has already announced their tuition for next year will be $12,000. Those are private schools. The State schools are considerably less than that. But they, too, are going up.

Mr. LEGGETT. Well, the General Accounting Office analysis that we've got in some of these papers someplace here, I believe it shows the cost differential at $20,000 a year as opposed to $25,000 per year for——

Mr. LALLY. $21,000 as opposed to $26,000 Mr. Leggett.

Mr. LEGGETT. Yes. But that does not include the retention factor. And the retention is exactly what we are after. And if the GAO figures are correct, it would seem to me that if we do anything for retention at all, the cost effective way to go is to go with the Uniformed Health Services University. And I think the American Medical Association was all wet when they tried to kill this program at the outset, and I think that the spontaneous decisions made by this administration to kill this program after it has been going for several years is rash and spontaneous and does not have any factual basis at all other than just gut nearsightedness, near-term prejudice where they see a scholarship program that looks cheaper. And, of course, the Department of Defense now has made a decision that Mr. Fliakas has directed around all the various commands in the name of Secretary Brown where he wants every single commander to determine what is in competition with private enterprise, what base or what service, whether it is a laboratory service or whatever, and if it can be done in private enterprise, the position of Mr. Fliakas in the name of the Secretary is that that ought to be contracted out. And you carry that to a logical conclusion and that means the termination of all military hospitals, because we can do all of this business in the private sector, save and except the evacuation hospitals overseas. And I think that program is not well thought out, to put it very kindly, and ought to be reevaluated.

And I know that Chairman Mahon has a copy of the Fliakas letter and has directed a letter either to Secretary Brown or the President questioning very succinctly and in very strong language the total philosophy mentioned in that document. And I understand they are having a meeting today to get a recap on what they could do with respect to contracting out, and they were looking toward a 6-month review to see which service can do the best in desecrating our in-house national defense capability. And I don't think that is worthwhile.

Mr. STRATTON. Thank you, Mr. Leggett.

Mr. Daniel?

Mr. DAN DANIEL. Thank you, Mr. Chairman.

Dr. Custis, I am not certain whether I spoke correctly this morning or not. I notice in your statement that you said that when you were speaking of your membership on the Board of Regents of the American Medical Association and the American Association of Medical Colleges they came to acknowledge the need and actively support the development of this institution. Did these organizations initially support the school?

Admiral CUSTIS. No, sir. Both of those organizations testified against the school.

Mr. DAN DANIEL. I just wanted to correct the record in the event I was wrong. That was my impression.

Admiral CUSTIS. What I was trying to say here, Mr. Daniel, I was pleased to see them come 180 degrees about-face.

Mr. DAN DANIEL. Thank you, sir.

Admiral CUSTIS. Specifically the board of trustees at AMA: the three Surgeons General had two sessions with them, and to a man they supported this school as late as 2 years ago.

The president of the AMA 2 years ago was a member of the Board of Regents of this school. Dr. Cooper, president of the AAMC, has given us tremendous support whenever asked. He is in favor of this school.

Mr. DAN DANIEL. In response to a question a moment ago did I understand you to say we have 50,000 medical students and 28,000 of them have scholarships?

Admiral CUSTIS. That is a rough count of the total number of medical students in schools in the United States. And the 28,000 is the new figure that HEW in the current budget is shooting for in terms of numbers of scholarships.

Mr. DAN DANIEL. Well, now, does that have any relationship to what we were talking about the other day? Are there any military requirements involved in these scholarships that you make reference to?

Admiral CUSTIS. No, sir. There is a permissive—one can come out of that program and elect to do his payback time in the military. Am I right, Colonel?

In the HEW program, isn't there an option for a graduate in the HEW scholarship program to spend his payback time in the military?

Colonel BASS. It says "Federal hospitals." It hasn't been implemented, though, as to exactly what that would mean, and we are not sure about that at this point, sir.

Mr. DAN DANIEL. Thank you, Mr. Chairman.

Mr. STRATTON. Thank you, Mr. Daniel.

Mr. Badham, any questions?

Mr. BADHAM. Yes, thank you, Mr. Chairman.

Admiral Custis, if we assume the correctness of this $80,000 figure, that isn't to say that it is costing $80,000 more as a program of education to train somebody. It is just saying that it is costing the Federal Government in this instance that much more. But somebody is paying for the other $80,000, whether it is the individual or scholarships from other places, or endowment funds for university costs, or tuition or what have you.

Admiral CUSTIS. What those who favor the school try to do and what the adversaries of the school try to do are basically this, Mr. Badham: One identifies the total investment on the part of the Federal Government in an individual's medical education who is in a civilian medical school. That figure would seem to compare very closely with the cost of educating a student at the Uniformed Services University. The rub comes when the argument is made: "Ah, but the Department of Defense doesn't have to bear all that cost; they only pay a stipend and tuition, and it is a number of dollars less than what the Federal Government will pay for a student in the Uniformed Services Medical School." But the taxpayer, the Federal Treasury is paying, according to the advocates of the school, about the same number of dollars for

both individuals. There is not a medical school in the United States that doesn't have well over 50 percent of its total budget coming from Government sources in one form or another, right off the bat.

Mr. BADHAM. Well, now, in the case of a State public medical school——

Admiral CUSTIS. They are heavily subsidized by State governments. In addition, there are Federal capitation subsidies. There are others who can give these figures far better than I, and my figures are at least 6 months old, Mr. Badham, but I only know I came away 6 months ago convinced in my own mind—and I am admittedly biased, too—that the cost analysis of this has been unfair and the arguments that are based on it are very specious arguments. And I remember using the phrase and being brought up short for it by the Secretary of the Navy. I said "The trouble is, Mr. Secretary, figures lie, and liars figure."

Mr. BADHAM. I was waiting for somebody to get that on the record, Admiral. That statement was first made to me during the Korean war by the commanding officer of my vessel to me. I am very sensitive about that, and I agree wholeheartedly. So we can make these figures do anything we want to.

In your estimate—maybe you have testified to this before—would we have a far better retention factor by doctors trained in this University than in any other way we can do it?

Admiral CUSTIS. May I preface my remarks by saying I've gotten to know these students, these first 32. And I am impressed by the extremely high caliber of people already in that program. That is No. 1. They were very carefully selected. Second, they have married themselves to the uniformed services. Every one of them is of such caliber that he is going to want graduate education. And when he finishes medical school, then graduate medical education and payback time, he will have contracted at least a 20-year relationship. But by that time, when they go that far, I would predict that a great number of them will remain for 30 years unless—unless the incentives are lost for retention in that environment.

But the point is, yes, those graduates will be with the uniformed services for a career. And there lies the difference. That is why it is worth—if it is true that it costs more, it is worth a little more, for it represents a savings over the waste of rapid personnel turnover.

Every doctor that we fail to recruit off the street to make up these shortfalls represents over $80,000 in CHAMPUS funds for the work he might otherwise be doing. There are all sorts of figures which don't get inserted into these analytic models for cost analysis.

Mr. BADHAM. I have no further questions.

Mr. STRATTON. Thank you.

Doctor, have you had any opportunity to observe the reaction of these 32 students who are out there now as to what the impact of this announcement, which they read about in the paper— nobody apparently advised them of it—what impact that has had on their plans to continue a military career?

Admiral CUSTIS. No, sir, I haven't seen any of them since the news broke. I have heard indirectly how they feel. And, knowing them as I do, I think you would find very interesting witnesses were you to ask them to come testify.

Mr. STRATTON. I think that is a very good suggestion.

Mr. Lally, any questions?

Mr. LALLY. I have only one question, Mr. Chairman.

Doctor, you mentioned at one point there you foresaw that in order to satisfy the needs of the military, the number of scholarships would have to be increased. Now, that would require congressional action, would it not, sir?

Admiral CUSTIS. I believe so.

Mr. LALLY. At present there are 5,000 scholarships authorized. Do you have any estimate of how many more might be required to satisfy the need?

Admiral CUSTIS. I think it would not be—I think I would be ill-advised to try to answer that question with the 6-month interval I have had, Mr. Lally.

Mr. LALLY. Thank you.

Mr. STRATTON. Mr. Hogan?

Mr. HOGAN. Just two questions. Thank you, Mr. Chairman.

Doctor, as a matter of fact, of those 5,000 scholarships, there are only about roughly 3,700, I believe, that are in medicine. Is that correct? The rest of them are in the veterinary area, optometrists and psychologists and podiatrists and so forth?

Admiral CUSTIS. Yes, sir.

Mr. HOGAN. So really we are not talking about 5,000. We are talking about something on the order of 3,700.

Admiral CUSTIS. I only remember the Navy figure. In the case of the Navy it is 1,100 out of 1,500. I think your figure is probably right for the three services.

Mr. HOGAN. One last question, Mr. Chairman.

Doctor, I think that the record may be a little confused about the amount of obligated time that you would estimate that the average scholarship student would have. We had an estimate this morning that went to 10 or 12 years. And that seemed to me to be rather high when you consider that the 4 years in school do not count toward retirement. So that these people do not have that high an investment. I wonder if we could straighten out the record on that.

Admiral CUSTIS. Yes, Mr. Hogan. If the scholarship student finishes medical school, at that point he owes 4 years payback time. He may take a year of internship and owe 4 years payback time. He may elect to come into the system, into the military to do one of two things. Now he may not always be able to elect, and I will get to that in a minute. He may come into the system to start his payback time after interning. There are some who have indicated they would like to come in before interning, in which case he would spend 4 years and then the chances of his leaving are, on the basis of past experience, 99 percent. He may be invited to come on active duty and accept the opportunity to take an average of 4 years, of graduate medical education. If he does that, he will accrue 2 more years payback time, so that when he finished 4 years of graduate medical education he would then begin 6 years payback time. That would be the situation in which he would be around the longest, and that adds up to 14 years including his 4 years of medical school. But his 4 years in medical school and the year of internship does not count toward retirement. For retirement purpose

the clock starts running on him when he comes into graduate medical education in the system, at that point, and adds up to 10 years.

Now, the thing I wanted to say here is that all three services did a lot of thinking and planning on how to make use of these scholarship graduates. And again, the policy may have changed since I have gone, but in the Navy we had made a very specific choice. We knew that graduate medical education, the residency programs in Navy hospitals and Army and Air Force were very successful, very popular programs, and we have had no trouble in filling them from the civilian medical schools. What's more, of the products of our graduate medical training, historically, one-third stay with us beyond their payback time. To take the scholarship students in civilian medical schools and immediately offer them graduate medical education within the service, really isn't very smart, because we know that those scholarship students in the civilian medical schools are committed to service for 4 years. Why then not use this high value retention tool of graduate medical education to attract still another group and let the scholarship student, who has had a pretty good break, after all, tuition and stipends for 4 years—let him come in as a generalist, acquire some military medical experience on board ship, or in the field, or wherever he is needed in primary care, and then if he manifests the motivation and career interest, then offer him graduate specialty training in a military hospital. That was the line of thought we were pursuing. In other words, to say it another way, the military can't begin to accommodate all of the output of the scholarship program. There aren't that many residency slots. And what's more, it is not to their interest to, because of what I have just explained.

The average scholarship student, and his attitude toward career involvement, I think, is going to be much more comparable to a Berry plan physician.

Mr. HOGAN. What was the retention rate with Berry plan, Doctor?

Admiral CUSTIS. Anywhere from 1.0 to 1.5 percent.

Mr. HOGAN. Thank you, Mr. Chairman.

Mr. STRATTON. Is that the same figure that you gave earlier to Mr. Hogan? You mentioned 99 percent.

Admiral CUSTIS. Yes, that was the reverse of retention, 99 percent left.

Mr. STRATTON. Of those who come in on scholarships 99 percent are expected to leave?

Admiral CUSTIS. If that is their only exposure, they will resemble their counterparts, the Berry planners, 99 percent will do their payback time and leave.

Of course, things can change. The whole atmosphere of American medicine can change.

Mr. STRATTON. Well, as Mr. Leggett was saying, maybe we will get a little inspiration, but there doesn't seem to have been much around in the last few years and I don't see any change.

You also said, and I want to make sure I understood you, that for every year of graduate training they only have to pay back a half year. Is that right?

Admiral CUSTIS. Incidentally, I think I made a mistake back there.

Mr. STRATTON. You said for 4 years of graduate training they would incur another 2-years obligation. I thought it was——

Admiral CURRIS. If an individual goes on active duty for education outside the system—and that doesn't happen very often—greater obligation is incurred. That is rare, because graduate training within the military hospitals encompasses most specialties. In other words, the only reason for sending a man on active duty out to a civilian residency for graduate training is that it can't be obtained within the system.

For graduate training within the system, in the military hospital, the payback time is one-half year for 1 year of training. If obtained outside the system, obligation varies in the different services, or has in the past. In the case of the Navy it is at least 1 year service for 1 year of training and at one time it was 2 for the first year and 1 year for 1 year thereafter. It has varied somewhat.

There is twice the payback time for outside training system than if obtained within the system.

Mr. STRATTON. Thank you very much.

Any other questions? If not, thank you very much, Admiral. And we appreciate your taking the time to be with us. Your testimony has been very helpful.

Dr. Smith, would you come back on the stand again, please?

FURTHER TESTIMONY OF HON. ROBERT N. SMITH, ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

Dr. SMITH. Yes, sir.

Mr. STRATTON. I would like to go back to the chronology we started out with earlier this morning and pick up again. We had you weathering the effort in the previous administration to terminate the school, and with the endorsement of the Depufy Secretary of Defense, the money was restored to the budget and you had gone on record very eloquently in support of the retention. Now, at some time between the 16th of November and the 20th of January there came a time when an organization known as the "Transition Team" moved into the Pentagon to presumably make recommendaticns to the new President and the new administration as to what actions to take, or what changes to make. And in the papers that you have submitted to us, you have a transition paper, Issue No. 42, Uniformed Services University of the Health Sciences. I think you have indicated in earlier testmony that you don't know who prepared this document, but it could have been Mr. Steadman or Mr. Schaeffer. Is that correct?

Dr. SMITH. What I said, sir, is that they are members that I can identify—people I can identify as being members of the transition team. Whether they prepared this or not, I don't know.

Mr. STRATTON. Well, at any time prior to the 20th of January were you contacted by anybody from the transition team on this subject?

Dr. SMITH. No, sir.

Mr. STRATTON. Did you get this particular paper submitted to you at some point?

Dr. SMITH. No, sir.

Mr. STRATTON. So this particular document is not one that you had seen until when? It got into the materials that you made available to us, so I take it that you saw it. But maybe you didn't see it at that time.

88-455—77——4

Dr. SMITH. I saw this document, sir, on an unofficial basis, perhaps within the week before February 20, as a courtesy to me by a friend who said perhaps you ought to see this because you may have to do some planning. After the decision was made, then I had a copy of this.

Mr. STRATTON. But until the 20th of February, which is, what, 2 days before the Secretary announced the——

Dr. SMITH. Well, then I should say the 22d.

Mr. STRATTON. It was the day the decision was announced.

Dr. SMITH. It was after that.

Mr. STRATTON. After the decision was announced.

Until that time, then, did anyone, Secretary Brown, Secretary Duncan, anybody get in touch with you with respect to this proposal?

Dr. SMITH. No, sir, I had an appointment at one time to talk to Secretary Duncan, but that was postponed.

Mr. STRATTON. Did he want to talk to you or did you want to talk to him?

Dr. SMITH. As I remember the situation, I had an appointment on a Tuesday morning to talk to Mr. Duncan about the medical school, but that appointment was postponed and the meeting never occurred.

Mr. STRATTON. Well, again, did he want to talk to you? Was it his idea to have the meeting? Or did you want to talk to him?

Dr. SMITH. I believe what happened was that the Comptroller suggested to the Secretary that he talk to me about the medical school, and Mr. Duncan got in touch with my office.

Mr. STRATTON. Had you heard rumors while the transition team was in the building and even after the new Secretary had taken over that there would probably be a move afoot to terminate the school?

Dr. SMITH. Yes, sir, I believe I had heard the general rumor to that effect, yes, sir.

Mr. STRATTON. Did you talk to anybody about it?

Dr. SMITH. Sir, to the best of my knowledge, I don't remember having a one-to-one conversation with anybody about it. I remember that at one of the board of trustees meetings of the University on which I served that that subject was discussed—or at least the rumor was discussed.

Mr. STRATTON. Did the dean of the school, or did any of the trustees express any concern to you this would be a very serious step and urge you to do something about it? Was there any conversation of that kind?

Dr. SMITH. Yes, sir, it was obviously a serious step if the rumor were true. I don't remember that I was urged at any time to speak to the Secretary about that, because it is difficult to go and talk about a rumor.

Mr. STRATTON. You still report directly to the Secretary, don't you? Or do you report through the Assistant Secretary for Manpower now?

Dr. SMITH. No, sir, I report to the Deputy Secretary.

Well, when Mr. Clements was there, after I had been there about a week he told me that one of my responsibilities would be to take care of the medical school and that they would report to him through me. When the new people came in, that relationship was never made very clear. Mr. Duncan, when he first came in, was incapacitated with a bad back for about 3 weeks, so that even after they started—or 2 weeks, maybe. I have forgotten. But there was a period of time when the communications, because of the new people coming in there and the

previous arrangements, were not as clear as they had been. And I am certain that conversation—or communication was not as good as it had been, and couldn't be, for the reasons of the newness and also of the Deputy Secretary not being present, and the Secretary being very busy with the things that he was responsible for at the beginning of the new administration.

Mr. STRATTON. Well, in other words, your testimony is that prior to the announcement which Secretary Brown made on February 22, nobody in the Defense Department got in touch with you to discuss the medical impact on the armed services of the proposed closing of the school.

Dr. SMITH. Yes, sir, that is true. But as I told you this morning, under normal circumstances, the normal budget process that the Pentagon functions with, even in normal times we might have less than 6 hours to respond to the PBD. The PBD we got about the medical school this time was delivered the same morning that the announcement was made. And obviously, that was a constricted budgetary cycle they were going through.

The problem is that with the constriction of the cycle under the circumstances, we didn't get the PBD until the morning they made the announcement.

Mr. STRATTON. So that obviously nobody was interested in your opinion on it, were they? They had already made the decision. Isn't that obvious?

Dr. SMITH. They had made the decision, sir. I don't know what the time constraints were on the people.

Mr. STRATTON. I am not worried about the time constraints. I mean if somebody wanted, let's say, to have an operation performed on a member of his family and the operation was performed before they had consulted the doctor, that would be an interesting circumstance, wouldn't it? In other words, it was a question of whether they should take certain action with regard to an important adjunct of the medical picture in the Department of Defense, and the individual who was the ranking officer charged with responsibility for the medical facilities of the Department of Defense was not asked prior to the announcement what his recommendation was one way or the other. Now, it doesn't take you 5 minutes to——

Dr. SMITH. That is true.

Mr. STRATTON [continuing]. Come up with the answer to that question, does it?

Dr. SMITH. It doesn't take me 5 minutes to come to the answer; but on the other hand, I don't want to give my answer out of context in telling you about the confusion and the difficulty in the communications systems, the newness of some of the people in the positions that they were in, trying to put the budget together——

Mr. STRATTON. Let them make their own excuses. I want the record to show that on this particular topic, where judging from a very distinguished former Surgeon General, who I think knows something about how the military medical operation functions, this is something that could have very profound impact, that nobody consulted you on this decision before the decision was, in fact, announced. And that is the case, is it not?

Dr. SMITH. That is true, sir.

Mr. STRATTON. OK.

Dr. SMITH. But the point I make to you is that even in a normal budget cycle, I don't know whether to consider the opportunity to look at a PBD for 6 hours an opportunity to have significant input into anybody's decision, no matter which administration.

Mr. STRATTON. To your knowledge, was anybody else in the Defense Department who had a concern for the health of the services, any of the Service Surgeons General, the dean of the university—were any of those consulted before the decision was made?

Dr. SMITH. Not to the best of my knowledge.

Mr. STRATTON. OK.

Now, after the decision was made, who contacted you on what? Did anybody consult you after the decision was made?

Dr. SMITH. No, sir. We at that time had the PBD which directed the dean to supply by March 15, a document to—a detailed plan to phase out by September 30—he was to submit this document to the comptroller and to my office by March 15, and those were the marching orders.

Mr. STRATTON. You mean the——

Dr. SMITH. This is the one marked 333 at the top.

Mr. STRATTON. Right. This is the one you said you got on the same date as the announcement was made publicly. Is that right?

Dr. SMITH. Yes, sir. I believe that I was away on a trip at that time. That is a weekend, I think, the 19th. And I think the announcement was made on the 22d.

Mr. STRATTON. Right.

Dr. SMITH. It wasn't distributed until the 22d, but I wasn't in the office that day.

Mr. STRATTON. Well, I guess the armed services have changed a little bit since I was in them, but that you issue orders by means of a program budget decision strikes me as a little bit odd. This says the Secretary has decided to terminate the University by the end of fiscal year 1977. The Assistant Secretaries, I&L, M&RA and HA—you are HA——

Dr. SMITH. Yes, sir.

Mr. STRATTON [continuing]. Shall proceed to implement this decision in accordance with previously provided instructions.

Are you telling me that that is the only official announcement of what you were to do that you got?

Dr. SMITH. Yes, sir. To the best of my knowledge, I don't——

Mr. STRATTON. What were the previously provided instructions?

Dr. SMITH. I don't know what that means, sir. Unless it indicates the previous PBD.

Mr. STRATTON. You didn't bother to call anybody up and find out what those instructions were?

Dr. SMITH. Well, in the paragraph before that it says the plan should identify all necessary terminations, should reflect providing assistance to the 32 students currently on board with respect to their education, including DOD support for tuition, books and salary, and alternate estimates, including sources to provide for such compensation. And the fiscal notes are on the next page. That is a broad direction to me and to the other secretaries to carry out the instructions that are to be carried out. I was able to function on the basis of that instruction.

Mr. STRATTON. And your answer is that you didn't still get hold of anybody superior to you to discuss this matter in greater detail. You simply proceeded on the basis of this 1-page sheet. Is that correct?

Dr. SMITH. Sir, I have been in the armed services too, and when the Secretary delivers an order and I work for him, then I carry out that order.

Mr. STRATTON. You have been in the armed services at the level of an Assistant Secretary of Defense before?

Dr. SMITH. No, sir.

Mr. STRATTON. Well, it is not exactly like being a private.

Dr. SMITH. No, I am aware of that.

Mr. STRATTON. It sounds as though you were hiding under the desk, or something or other. I am surprised you didn't pick up the telephone and say: "What is going on here?"

I have a note here that in mid-February Deputy Secretary Duncan advised you not to process applications for admission to the class of 1977.

Dr. SMITH. That is correct. I forgot that. He asked me to come up to his office, it must have been on the 14th or the 15th of February. He informed me at that time that the decision had not been made, but regarding——

Mr. STRATTON. The 14th or 15th of February?

Dr. SMITH. Yes, sir.

Mr. STRATTON. Well, then this is before the announcement was made.

Dr. SMITH. Yes, sir. He informed me——

Mr. STRATTON. Then your previous testimony is not correct.

Dr. SMITH. I apologize for that, sir. I said I had forgotten that. He informed me that a decision had not been made with regard to funding of the medical school, and he requested me to communicate with the dean and to tell the dean that they should not send out any acceptances for the class to begin in September.

Mr. STRATTON. Do you want to repeat that again? What did he tell you?

Dr. SMITH. He told me to inform Dr. Sanford, who is the dean, that the medical school should not send out any acceptances for the new class which would begin, I think, in September.

Mr. STRATTON. What did you say before you said that? Do you want to read that back?

[Record read.]

Mr. STRATTON. What do you mean that he told you that a decision had not been made with regard to the funding?

Dr. SMITH. What he told me was that they had that decision under consideration, and that in order to prevent any embarrassment or anything for anyone, that until that was clear, that I should indicate to Dean Sanford that he should not send out any acceptances.

Mr. STRATTON. And this was on the 14th of February?

Dr. SMITH. It must have been the 14th or the 15th. It is something in that area, because I believe that the first acceptances were to go out on the 15th.

Mr. STRATTON. Well, if a decision had not been made, then the school should proceed as planned, should it not? That was the intention of Congress. That was the direction of Congress. Why would

he tell you to stop proceeding admissions if nobody had decided to terminate the funding for the school?

Dr. SMITH. I think the obvious answer is that if they decided, which they were obviously going to do within the next 7 days, not to put that in the budget, then they could avoid embarrassment by not accepting anybody during that 7-day period in which time they had to make the decision.

Mr. STRATTON. You realize that you are under oath, don't you, Mr. Secretary?

Dr. SMITH. Yes, sir. And I am testifying to the truth.

Mr. STRATTON. Well, are you telling me that even if I hadn't asked you this question about a meeting with Secretary Duncan that you would have still recalled the information and volunteered it to me? Was it such an inconsequential meeting that you just couldn't recall it when I asked you if anybody had gotten in touch with you before the announcement was made?

Dr. SMITH. I was not trying to be evasive at all, sir. I forgot that. The meeting consisted of me being called into Secretary Duncan's office. There was no conversation other than he told me what he wanted me to do.

Mr. STRATTON. All right. What did you do then?

Dr. SMITH. I went back to my office and I called Dean Sanford and I told him that the Secretary had requested me to tell him not to send out any acceptances for the class.

Mr. STRATTON. What did he say?

Dr. SMITH. He said none have gone out, and I will see that they don't go out. I paraphrase what he said. I don't remember exactly what he said.

Mr. STRATTON. Well, it was my understanding that the executive branch of the Government was to see that the laws were carried out, and as long as the University was in existence and was funded until the end of fiscal 1977, I find it hard to see how somebody can undertake to interrupt the normal processes of the University, including the processing of applications for the coming year.

Dr. SMITH. They did not stop the processing of applications, sir. I don't know how many they were even going to—or if they were going to send any out. But it interrupted——

Mr. STRATTON. You said he told you not to process the applications.

Dr. SMITH. I'm sorry. I misspoke myself, then. He said not to send out any acceptances to students.

Mr. STRATTON. That was a week before the announcement was made. Now, do you still want to stand by your testimony that you didn't discuss this subject with anybody? By that time you were well aware that they were going to make a decision in all likelihood to terminate the University, weren't you?

Dr. SMITH. I obviously talked to Dean Sanford at the time that I talked to him about it. He and I both realized, I think, what that meant. I did not have a discussion that I can recall with anybody about the University. I believe I left the next day on a trip to inspect some hospitals. I did not discuss it with anybody that I am aware of.

Mr. STRATTON. Well, when you met with Secretary Duncan didn't you say, "Mr. Secretary, this subject has been raised before, I feel very strongly about it, and I have already told the previous administration

that this would be a very bad step to take"? You didn't mention that at all?

Dr. SMITH. Mr. Chairman, I didn't mention that. I was asked to come in the office long enough for him to tell me what he wanted me to do. I think that you can feel the sensitivity of the situation. There was a new administration there, they were very busy.

Mr. STRATTON. In other words, you didn't want to rock the boat and say anything for fear you might not be on the job the next day.

Dr. SMITH. No, it was not a question of not rocking the boat at all. It was a question that he called me in and asked me to do something. I have occasion in my office to call somebody in and ask him to do something. He had people in the office at the time I even got there, and told me what he wanted me to do, and that is what I did. It had nothing to do with the other.

Mr. STRATTON. That might be all right for a private first class or a private, but for an Assistant Secretary in a particular discipline, who feels very strongly on a subject, to simply remain silent when his boss says I think we are going to eliminate this particular function strikes me as a little odd.

If you were the first mate on a ship and the captain said "I think we're going to sink the ship," do you say "Aye, aye, sir," or do you say "Well, maybe, Captain, you ought to reconsider this a little bit; we don't have enough lifeboats and it is kind of chilly out here, maybe you ought to go down and take a nap or something"? I just honestly can't understand how somebody who is, after all, a grown man would hesitate to say "Look, I think this is a pretty serious decision; I certainly hope you don't make this decision, because it is going to have some very grave ramifications." That never occurred to you.

Dr. SMITH. I can only repeat, Mr. Chairman, that the meeting was not of a nature in which there could be communications.

Mr. STRATTON. OK.

Now, Doctor, was each of the military departments able to recruit enough physicians to bring them up to authorized strength in fiscal 1975?

Dr. SMITH. Sir, the figures that we have, there are 11,648 medical officers authorized, and we had 11,178.

Mr. LALLY. What year is that, Doctor?

Dr. SMITH. Fiscal year 1975.

Mr. LALLY. Would you repeat the figures, please?

Dr. SMITH. Yes, sir. 11,648 authorized; 11,178 onboard.

Mr. STRATTON. A short fall of 470, then.

What about fiscal 1976?

Dr. SMITH. The current authorization, which is what we will have to use, is 11,648; and onboard we have 10,879. So we have a short fall there of about 800.

Mr. STRATTON. Do you know what the recruiting experience of each of the services has been in 1977?

Dr. SMITH. In what year, sir?

Mr. STRATTON. Fiscal 1977.

Dr. SMITH. Well, in fiscal 1977 we expect to recruit 2,231 physicians through the Berry plan, the scholarship program, volunteers. And there are a total of 2,231.

Mr. STRATTON. Well, how many have been recruited to date?

Dr. SMITH. Now this is going to start in October of 1976, the new fiscal year.

Mr. LALLY. Yes.

Dr. SMITH. We recruited during the transition quarter 1,730 physicians, and we have recruited so far this year 272 in addition to that. So it would be 2,002.

Mr. STRATTON. Well, I think we are going to have to get the staff together with your people and see if we can reconcile these figures, because they don't seem to jibe with ours at all.

Dr. SMITH. Well, we can supply for the record, sir, the information we have. Or the staffs can get together and we can work it out.

Mr. STRATTON. You better get the figures, and then we will want to explore them further.

What percentages of physicians recruited by each of the services were graduates of foreign medical schools in fiscal 1975, 1976, and 1977?

Dr. SMITH. OK. In fiscal year 1976 the Army recruited 2 percent of their recruitment, which totaled 1,047—2 percent was the number of foreign medical graduates.

Mr. STRATTON. Fiscal 1976. How about 1977 to date?

Dr. SMITH. Do you want me to give you the Army and the Navy in 1976?

Mr. STRATTON. The whole thing, yes.

Dr. SMITH. All right. In 1976 the Navy recruited a total of 922 physicians; 7 or 8 percent were foreign medical graduates. These are all their accessions.

Mr. STRATTON. How about the Air Force?

Dr. SMITH. The Air Force recruited 966; 137 were foreign medical graduates, for 14 percent.

Overall we recruited 2,905 physicians; 247 were foreign medical graduates, which is about 8 percent.

Mr. STRATTON. How many of those foreign medical graduates were aliens? Do you have that?

Dr. SMITH. Are you referring to a sheet that has "5" at the bottom and it says "Table 9"—in the middle it says "Table 7, Table 8, Table 9"?

Mr. LALLY. That is right, sir; yes.

Mr. STRATTON. Yes. Well, I think we are going to have to have our staff spend some time here so we can get some figures, because apparently we don't agree on the figures.

Dr. SMITH. Well, there is a discrepancy in the percentage of foreign medical graduates because they are reported two ways. What I gave you are the percentage of the total accessions. The services have given out numbers which are the percent of the people that they recruited off the street. In other words, the direct accessions. Now, if you look at those, the percentages are higher. But if you look at the total of the doctors that they got, then the numbers that I have given you are correct.

Mr. STRATTON. Well, we better get those reconciled.

Mr. DAN DANIEL. Would the chairman yield?

Mr. STRATTON. Yes, Mr. Daniel.

Mr. DAN DANIEL. Dr. Smith, referring back to the chairman's question, are we talking about Americans who graduated from foreign

schools, or are we talking about aliens who graduated in foreign schools and are then recruited into the military service? And if so, under what authority are they accepted?

Dr. SMITH. All right. Our table 9 shows—and I haven't seen this sheet before—shows that in fiscal year 1976 the noncitizens recruited—does this mean off the street?

Colonel BASS. Yes, sir.

Mr. DAN DANIEL. Dr. Smith, let the colonel—I think the colonel understands it.

TESTIMONY OF COL. BOBBIE BASS, MEDICAL SERVICE CORPS, DIRECTOR, HEALTH MANPOWER PROGRAMS, OFFICE OF THE ASSISTANT SECRETARY (HEALTH AFFAIRS)

Colonel BASS. My understanding of this chart—and this is not our chart, but we did try to verify it because we felt that the question would come up—is that these are recruitment off the street. And the figures that you have there on table 9——

Mr. DAN DANIEL. Wait a minute, Colonel. You say off the street. Are you talking about off the streets of Manila or off the streets of San Francisco?

Colonel BASS. Volunteers, sir. In other words, nonobligated volunteers or direct recruitment as opposed to recruiting through some sort of training program.

Mr. DAN DANIEL. What I am trying to establish, though, is whether or not any of these people who are recruited, who came on board, are aliens.

Colonel BASS. Yes, sir. Some are.

Mr. DAN DANIEL. How many?

Colonel BASS. In fiscal year 1976, 27 percent were noncitizens.

Mr. DAN DANIEL. How many?

Colonel BASS. Twenty-seven percent.

Mr. DAN DANIEL. Well, now, under what authority, Colonel, is that done?

Colonel BASS. You mean are they brought on active duty?

Mr. DAN DANIEL. Yes, sir.

Colonel BASS. There are provisions in title 10 for medical and dental officers to be brought on active duty as noncitizens, sir.

Mr. STRATTON. Can they be assigned to Navy ships? Alien doctors?

Colonel BASS. Sir, they could be assigned anywhere that there was not a requirement for a security clearance. And I am not real sure about the requirement for a security clearance aboard ship. I just couldn't answer that. But they could be assigned any place that there is no requirement for them to have a security clearance.

Mr. STRATTON. Well, my information is that according to the Navy Surgeon General, they cannot be assigned to Navy ships.

Colonel BASS. I would not differ with that, sir.

Mr. DAN DANIEL. Thank you.

Mr. STRATTON. Well, we want to get these straightened out, and I don't think we can spend any more time on this. But this is a disturbing figure. And these—this so-called recruitment off the street is what you've got to do to fill the gaps.

Colonel BASS. Yes, sir. That is the nonobligated volunteers.

Mr. STRATTON. And if you have gaps and are going to have gaps, this is what you are going to get. And this is something that is going to be, I think, an increasingly serious problem to sell to the American people.

Doctor, you say in your prepared statement on page 2 and 3 that the GAO analysis showed that the total cost per staff year of expected physician services would be $21,444 for the scholarship program, as compared to $26,236 for the University.

Dr. SMITH. Yes, sir.

Mr. STRATTON. The results of this study was one of the key factors in the decision on February 22, 1977, to terminate the University.

Now, since you were not informed of the decision, didn't express any opinion on it one way or the other, how do you know what was one of the key factors in the decision?

Dr. SMITH. Well, I believe the PBD shows that. And subsequently it has been very clear that the decision was made on the basis of economics.

Mr. STRATTON. Did somebody prepare this statement for you?

Dr. SMITH. Yes, sir. I did not write the statement.

Mr. STRATTON. Who prepared the statement for you?

Dr. SMITH. Well, I will take that back. I prepared it in conjunction with Mr. McKenzie.

Mr. STRATTON. With Mr. McKenzie?

Dr. SMITH. Yes, sir.

Mr. STRATTON. Well, who wrote it in the first place? Did he write it in the first place?

Dr. SMITH. Mr. Dexter did.

Mr. STRATTON. Mr. Dexter? You wrote the statement?

TESTIMONY OF JOHN DEXTER, DEPUTY DIRECTOR, BUDGET AND COST ANALYSIS, OFFICE OF ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)

Mr. DEXTER. Yes, sir.

Mr. STRATTON. Were you in on the original decision?

Mr. DEXTER. No, sir.

Mr. STRATTON. Well, then, how do you know what one of the key factors was?

Mr. DEXTER. Just based on the facts that are available. The PBD's and all the information I could gather that was apparently used in the decision.

Mr. STRATTON. Well, this is a statement that you are preparing for Dr. Smith. Dr. Smith is talking. He is saying that this is one of the key factors in the decision, and he doesn't know anything about the decision.

Mr. DEXTER. Sir, this was one of the key factors in the decision to establish the University, to appoint a board of regents; ever since it has been legislated it has been the cost factor and economics.

Mr. STRATTON. You weren't in on the decision to terminate the University, were you?

Mr. DEXTER. No, sir.

Mr. STRATTON. Then how do you know what any of the factors are, one or more? You don't know, do you?

Mr. DEXTER. That is an assumption on my part.

Mr. STRATTON. Well, you are darn right it is an assumption. Who told you to put that in there?

Mr. DEXTER. Nobody told me, sir.

Mr. STRATTON. You wrote it for Mr. McKenzie? Is that it?

Mr. DEXTER. Yes, sir.

Mr. STRATTON. All right. Now the next statement you say "Thus, we believe the decision to close the University is a sound decision which is based on a thorough analysis of costs and the projected needs of the Department." That doesn't jibe with what you said on the 19th of November when you recalled the action of the budget program at that time, Doctor.

Dr. SMITH. Mr. Chairman, I explained that this morning in that the Secretary had to make decisions based on economics of the situation; that he had made out—he put down his priorities. He decided on the basis of economics that the school——

Mr. STRATTON. Doctor, I have given you every opportunity to indicate whether you had any input into the decision at all, whether anybody talked to you about it or discussed it, and you have repeatedly said that nobody called you, nobody talked to you, till I prodded you, then you finally said yes, somebody had told you to tell the University not to process any applications. Now, you don't have the vaguest idea, on the basis of your sworn testimony, what went into the Secretary's decision. And how can you say that you——

Dr. SMITH. I have an idea, sir, from the PBD that came down. It is obviously based on the economics.

Mr. STRATTON. That is the Secretary's decision. Did that change your mind so that you now take the position—when you say "we," are you talking about yourself? Or are you talking about Secretary Brown? "We believe the decision is a sound decision based on a thorough analysis?"

Dr. SMITH. "We" means I support the Secretary's decision that he made on the basis of the economics. And I explained that this morning.

Mr. STRATTON. So everything you said in November is just down the drain.

Dr. SMITH. No, it is not down the drain. I also explained this morning that I recognized the attributes that the University has to offer in terms of the quality of officer and physician that you could produce. But if you can't afford an automobile with all the accessories on it, transportation is still provided by a stripped-down automobile——

Mr. STRATTON. Well, who said that they couldn't afford it? There is nothing in this that says they can't afford it.

Dr. SMITH. What do you mean?

Mr. STRATTON. You said the only thing you had was this document 333.

Dr. SMITH. Yes, sir.

Mr. STRATTON. I don't see a single thing in there as a matter of fact. It says the Secretary has decided to terminate the University by the end of fiscal year 1977.

Dr. SMITH. Yes, sir. And that means that he terminated it because the scholarship program——

Mr. STRATTON. It doesn't say that at all. It says he decided to terminate it. It doesn't give a single reason. Where is there a reason in there?

Dr. SMITH. There isn't any reason written on this piece of paper.

Mr. STRATTON. All right. Then what kind of testimony are you giving us? You don't even know what his reason was, on the basis of your testimony, or else you are failing to give us the full facts of your involvement in this matter.

Mr. DAN DANIEL. Will the gentleman yield?

Mr. STRATTON. Yes.

Dr. SMITH. I am not doing that, sir.

Mr. DAN DANIEL. Dr. Smith, just to justify what you said on the basis of the scholarship program. Now, according to Admiral Custis a few moments ago, that program hasn't worked. We had, what, less than a 1-percent retention or reenlistment on these scholarship programs? Is that not the case?

Dr. SMITH. We don't have any experience with the scholarship program yet, sir. He said 1 percent of the people that they recruit or the Berry planners——

Mr. DAN DANIEL. Yes.

Dr. SMITH. [continuing]. Who were dissatisfied because they felt they had uneven treatment in the service.

Mr. DAN DANIEL. Then he also related that to scholarship programs, to other scholarship programs. He didn't say they were exact. Isn't that what he said?

Dr. SMITH. Well, I don't believe that Admiral Custis intended to say that. If the program started in 1973, in 4 years that would be 1977. There is just no way that we could have any experience with the retention in the scholarship program. But because of the obligated service and the experience that we have had before, it would indicate that we are going to retain those. And retention is going up in all the services due to the variable incentive pay. But I don't believe Admiral Custis, who happens to be a friend of mine, indicated——

Mr. DAN DANIEL. No; I didn't quote him as having said that. I said there was some relationship to it.

Mr. Chairman, I yield to the counsel.

Mr. STRATTON. Mr. Hogan.

Mr. HOGAN. Mr. Chairman, I think what Admiral Custis said was that after he described how he would utilize scholarship students after they graduated and what type of training they would receive, he indicated that since a goodly number of them would receive their training in the civilian environment, that their experience with that type of person who came out of a sponsored program and received his training in a civilian environment was a very, very low retention rate, something like the Berry plan.

Mr. DAN DANIEL. That is right. He related it to the Berry plan.

Mr. HOGAN. He said that their plans were to not put many of those scholarship people into military hospitals for their training, but to train them in the civilian environment. Therefore, he would think that the retention rate would be very low.

Mr. DAN DANIEL. Mr. Chairman, that is exactly what I was trying to say: that the program has been tried and has failed. It has not met the requirements.

Mr. STRATTON. I asked him that specific question, and he said that unless we can involve them in some way with the military graduate

medical program, we are not going to get them steamed up enough to have a retention rate any better than the Berry plan.

Dr. SMITH. Mr. Chairman, they have to serve 4 years.

Mr. STRATTON. Well, it depends where they serve the 4 years. After the 4 years, 99 percent of them get out. That is just the point.

Mr. DEXTER. No, sir.

Dr. SMITH. These are not the numbers we have, sir.

Mr. DAN DANIEL. Well, what are your numbers?

Dr. SMITH. Go ahead.

Mr. DEXTER. Could I comment on that, sir?

Mr. DAN DANIEL. Yes, sir. Sure.

Mr. DEXTER. The GAO report quoted 8.7 percent of those with 4 years of service will stay at least 20 years.

Mr. DAN DANIEL. Well, that is a pretty low retention rate, I think.

Mr. DEXTER. It is higher than 1 percent.

Mr. BADHAM. Will the gentleman yield?

Mr. DAN DANIEL. Of course.

Mr. BADHAM. I believe this morning, unless I am way off base, Dr. Smith, that you said you were retaining a third of those people. Now, what people are you talking about? It can't be the same group of people; you retain 1 percent according to one source, 8 percent according to another source, and a third according to you this morning. Now, what are we talking about?

Dr. SMITH. I believe what I was talking about was that if we could retain people in the service for 10 to 12 years, we could keep them—we could keep 40 or 50 percent of them. I didn't say that——

Mr. BADHAM. I didn't hear the "if" this morning.

Dr. SMITH. Well, we haven't had any experience with the program, so I have to say "if we can retain them." Our records show——

Mr. BADHAM. Well, we have had experience with the Berry plan.

Colonel BASS. Right.

Dr. SMITH. Yes.

Mr. BADHAM. What is the retention?

Mr. DEXTER. One to 2 percent.

Mr. STRATTON. I think the difference between the 1-percent figure and the 8-percent figure is that the 8-percent figure is how many people stay in who have reached 4 years in the service. What Admiral Custis is giving us is that out of 100 people who come into the Berry plan, how many do you have in the service after the obligated service is completed. And that is 1 percent. And along the way somebody has gotten sick or decided to get out of medicine, or something of that kind.

Colonel BASS. Sir, may I answer that question?

Our VIP report to Congress that was sent over in May to your committee indicated that the retention rate from second to third year for the Berry planners for fiscal year 1973 was 5.5; for fiscal year 1974 was 6.2. After variable incentive pay was implemented the rates from October of 1974 through September 1975, actually increased to 14.9 percent.

The overall retention rate for that same period of time for all physicians—now this is from the second to the third year—increased.

Mr. STRATTON. Well, the Berry plan doesn't get variable incentive pay. So I don't see how it could have gone up. In fact, that is exactly

why the Department came up to us last year and wanted us to give them incentive pay, so that they would stay on.

Colonel BASS. They are eligible for it, sir, after their 2-year initial obligation. The retention rate is taken from the second to the third year.

Mr. STRATTON. Yes. That is misleading. I think we've got to straighten out these figures. I don't think it is doing any good to just throw these various things around. We are going to have to have our staff sit down with you and try to square these figures.

I want to just get a couple more points here before we conclude.

You mentioned the General Accounting Office analysis, Doctor. Did you have anything to do with that? Are you familiar with it? Do you really understand it? Or is this something that your assistant wrote into the statement too?

Dr. SMITH. No, sir, I understand that. I have read it.

Mr. STRATTON. You have read it.

Dr. SMITH. Yes, sir.

Mr. STRATTON. Well, why didn't you mention the followup report that was submitted to Chairman Price on June 15?

Dr. SMITH. We were talking about that this morning.

Mr. STRATTON. Well, why didn't you include that in your statement?

Dr. SMITH. You mean the statement I made this morning, sir?

Mr. STRATTON. That is right.

Dr. SMITH. Well, because I don't think that the numbers that they presented are appropriate for the discussion. I don't think it is appropriate to add in the total cost of all the moneys that went to medical schools as part of the cost of the scholarship program. And neither did GAO. They responded to this at the specific request on assumptions that Chairman Price asked them to compute, but that doesn't mean that it is correct. I think you've got to compare apples and apples if you are going to compare anything.

Mr. STRATTON. Are you a statistician?

Dr. SMITH. I have a master's degree in aeronautical engineering from Massachusetts Institute of Technology, so I understand numbers.

Mr. STRATTON. You are not a statistician, then, are you?

Dr. SMITH. No; but I understand numbers.

Mr. STRATTON. Well, it is your opinion that this is not a proper analysis, but it might be somebody else's opinion that it is a proper analysis. Those figures were available to the Department at the time the decision was made, were they not?

Do you know what the GAO report reflected in total cost per staff year when nonscholarship program related contributions to medical schools were included?

Dr. SMITH. One number is $32,000, one number is about $24,000. And the number that I think is correct is about $21,000.

Mr. STRATTON. I see. Well, these don't agree with you, so they are wrong, in other words.

Dr. SMITH. I don't know what paper you are looking at, sir.

Mr. STRATTON. Well, I am looking at the same thing. When you include the nonscholarship program related Federal costs, the scholarship program becomes $24,606.

Mr. DEXTER. That is correct.

Dr. SMITH. That is what I said. About $24,000.

Mr. STRATTON. All right. Compared to the University's $26,236.

But that doesn't support what somebody wrote for you in your statement, so it is wrong.

Dr. SMITH. I don't believe that is a correct figure, no, sir.

Mr. STRATTON. I think Mr. Badham made the classic observation on that earlier. And you didn't take into account the fact that the GAO report reflected that the total cost per staff year when total Federal financing of medical schools was included would have moved it up to $32,000?

Dr. SMITH. We were talking about that this morning, sir.

Mr. STRATTON. That is right, you were talking about that one and you said you didn't think that was proper.

Dr. SMITH. That is true.

Mr. STRATTON. But when you include in the amount that the Federal Government pays for the individual student who gets his education in the Albany Medical School, or somewhere else, that comes out to $24,000, and that is not including everything; that is just including what we pay for him. Nothing wrong with finding out what the Government pays for him, whether it is in a private school or the University of the Health Sciences, is there?

Dr. SMITH. Well, if we are trying to compare equivalents of tuition, of subsistence and those things, which you can itemize, then you can compare them. That is where the $21,000 and the approximately $26,000 comes from. Then they begin to make assumptions. The assumption which leads to the total of $24,000, if you are going to do that, then for the medical school you have got to add in the Federal costs that are incremental costs such as the use of the staff and the faculty of the nearby military medical institutions that provide support for the University program.

Mr. STRATTON. Have you taken into account and did the GAO take into account the fact that the tuition costs in private medical schools are going up? They are not going to be over the next couple of years what they are now?

Dr. SMITH. I am certain that that is true, sir. And I am certain that inflation is going to drive up the costs of any institution, whether it is the Federal medical school or a private medical school, or a State medical school.

Mr. STRATTON. Well, Georgetown is up to $12,000 for the first year.

Dr. SMITH. I think the University of Virginia is about $4,500 or something like that. So there is a great variance in there.

Mr. STRATTON. Northwestern University is up to $6,000, an increase of $2,000. So these figures are a little shaky on both sides, aren't they?

Mr. DAN DANIEL. Mr. Chairman, of course you can't compare Georgetown University to Virginia, because that is subsidized by the State, as you very well know.

Mr. STRATTON. That is a good point.

Obviously somebody in the Government, Doctor, had it in for the University somewhere, presumably in the Office of Management and Budget.

Who is the individual who, to your knowledge, was the one that was most likely to be opposed to the school in the Office of Management and Budget?

Dr. SMITH. I can't answer that, sir, but I can answer the question if you ask me who in OMB has responsibility for budgeting medical expenses.

Mr. STRATTON. All right. Suppose I ask you that question. What is the answer to that?

Dr. SMITH. All right. Mr. Fish.

Mr. STRATTON. What is his first name?

Dr. SMITH. Mr. Jim Fish, I believe.

Mr. STRATTON. Well, to your knowledge, is he an exponent of the school?

Dr. SMITH. I have never talked to him about the school.

Mr. STRATTON. Now, before we adjourn, you indicated this morning that a Mr. Flint, was it, had prepared the program budget decision which first came to your attention under the other administration and which you had issued a reclama to?

Dr. SMITH. Mr. Flinn, yes, sir. F-l-i-n-n.

Mr. STRATTON. Mr. Flinn. Sorry.

Mr. Flinn, as I understand it, is in the room. And I think if there are no other questions for Dr. Smith, I would like to ask Mr. Flinn to take the chair.

Mr. Badham, do you have some more?

Mr. BADHAM. Yes. Would the chairman yield just for a few minutes?

Mr. STRATTON. Yes; sure.

Mr. BADHAM. I would like to ask Dr. Smith, you are on the board of trustees of the University?

Dr. SMITH. Yes, sir; I am an ex officio member. I represent the Secretary of Defense on the board.

Mr. BADHAM. Have you been involved in medical school education either on the administrative or professional level in the past?

Dr. SMITH. I have been involved in teaching—in a residency teaching program for anesthesiologists; yes, sir.

Mr. BADHAM. How many were intended to be accepted for the 1977 class?

Dr. SMITH. We have 68 intended, provided that the Accreditation Board accredits the University for those additional students.

Mr. BADHAM. When, during a calendar year, are acceptances or rejections usually sent out to applicants?

Dr. SMITH. They are sent out over a period of time, sir. There isn't any one date when they go out. And so I can't answer——

Mr. BADHAM. Well, we are worried somewhat about the 32. How about the 68? Were you as a member of the faculty, or a member of a previous medical school faculty—were you concerned about those 68 who are hanging right now in limbo? They don't know whether they are going to be accepted or rejected or what; right?

Dr. SMITH. Certainly I am concerned about them.

Mr. BADHAM. You were so concerned that in November you told the previous administration what you thought about the University and its continuing.

Dr. SMITH. Yes, sir.

Mr. BADHAM. Somewhere between then and February 22 you became so concerned that on February 14, 15, when you talked to Secretary Duncan, that you didn't even say "peep." Didn't that become a

little stronger than rumor then when the Deputy Secretary, or the Secretary called you into his office, and said "Dr. Smith, I want you to go back and tell the Dean of the University not to send out any acceptances and don't process any paper"? Doesn't that carry a little more weight than rumor at that point?

Dr. SMITH. Certainly I think the implications of that were serious, but the point I was making, sir, is that it was 7 days from that time until a decision would be made. At the time—if a decision is made that they are not going to fund the University—or at least not a decision, but the recommendation is going to be made that the Congress is going to decide upon, then it would be even worse to send out an acceptance to somebody and then say the week after that I'm sorry, we have to pull that back, because when you get an acceptance it is then incumbent upon you to turn to the other medical schools that you have applied for and say I have accepted a position in such and such a medical school.

Mr. BADHAM. And you just accepted that without question?

Dr. SMITH. I accepted it on the basis that within 1 week's time a decision would obviously have to be made because the budget had to be in on the 20th or the 21st, whatever day it was.

Mr. BADHAM. Well, now that you all have made up your mind that there isn't going to be any medical school, what have you done to the 68 now?

Dr. SMITH. We haven't done anything. I am not in the administration, sir. The medical school reports to me—reports to the Secretary through me. I am no different than Mr. Packard or Dr. Odegaard. I am on the Board of Trustees. I don't function in the administration.

Mr. BADHAM. Was there any indication that they were going to ask you for your opinion?

Dr. SMITH. Who is "they"?

Mr. BADHAM. Well, Deputy Secretary Duncan.

Dr. SMITH. I told you, I had the one meeting scheduled which was cancelled and there was not another opportunity, at least for me to talk to him. It was the same morning that I believe Mr. Packard talked to Dr. Brown.

Mr. BADHAM. Well, that was before you had changed your mind on the University, though.

Dr. SMITH. No, sir, that wasn't before I changed my mind.

Mr. BADHAM. When did you change your mind?

Dr. SMITH. If I had been able to talk to Mr. Duncan that day, as I told you earlier on, the point had been made that we were under severe budgetary restraints. I would have told Mr. Duncan exactly what I said this morning: that the university has many attributes, it should produce a superior product, and these would include the special educations that go to make a military doctor. But if in fact we can't afford that, we can get satisfactory—we can obtain the same doctors that we have mostly now in the armed services, that we have gotten through civilian universities, through the scholarship program; and if money is that important, then that is the way we have to go.

Mr. BADHAM. We can hire aliens, then?

Dr. SMITH. No, we are not going to hire aliens.

Mr. BADHAM. I have no further questions.

Mr. STRATTON. If it turns out that we can't attract enough people and that we can't retain them, then do you still think that that was a

wise decision and that it is still better to do it on the cheap, even if you can't get enough doctors?

Dr. SMITH. Well, I don't think, Mr. Chairman, it will be an either/or. For one thing, the medical school will only be producing 175 doctors——

Mr. STRATTON. Just answer the question, doctor. If we can't attract them and if we can't keep them, do you think that will have been a wise decision?

Dr. SMITH. Well, sir, you can't answer that yes or no.

Mr. STRATTON. Of course you can answer it. If we can't attract them, then it isn't a wise decision; so you are gambling on what you said was guesswork.

Dr. SMITH. No, it says can we attract them otherwise.

Mr. STRATTON. If we can't attract them and keep them with your way, then this is going to be a very damaging decision on medical services for the men and women in the Armed Forces. No question about that, is there?

Dr. SMITH. Sir, I am as concerned about the medical services of the Armed Forces as anybody that I know. And I think——

Mr. STRATTON. I challenge you on that.

Dr. SMITH. And I think the Surgeons General will tell you that.

Mr. STRATTON. The committee will stand in recess for 10 minutes while we answer the vote.

[Whereupon, the subcommittee was recessed at 4:40 p.m. and resumed at 5:02 p.m. the same day.]

Mr. STRATTON. The subcommittee will be in order.

Mr. Flinn, do you want to stand and raise your right hand.

Do you solemnly swear that the testimony you are about to give before this subcommittee in the matter under investigation shall be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. FLINN. I do.

Mr. STRATTON. Would you give us, sir, your name, please, and also your position in the Defense Department?

TESTIMONY OF JOHN FLINN, BUDGET ANALYST, OSD (COMPTROLLER)

Mr. FLINN. Sir, my name is John Flinn. And I am a staff analyst in the OSD—Office of Secretary of Defense, Comptroller's Office, Program and Budget.

Mr. STRATTON. How do you spell your last name?

Mr. FLINN. F-l-i-n-n.

Mr. STRATTON. And you were the individual that wrote the original memorandum known as, what is it, OP–53?

Mr. FLINN. OP–53, yes, sir. Back in November.

Mr. STRATTON. Who directed you to prepare that PBD?

Mr. FLINN. Sir, no one directed me to prepare it. I am a staff budget analyst within the Office of the Secretary of Defense. I review certain program areas that I am responsible for. One of them is medical programs across the board. And during our normal annual budget review in putting together the Defense Department's budget, I review those programs, and that is a document that I had written up to staff through the organization as an alternative that the Secretary or Deputy Secre-

tary could either choose or not choose. And in that case he chose not to disestablish the University and chose the service estimate.

Mr. STRATTON. Do you have full authority to come up with any alternative ideas that occur to you?

Mr. FLINN. Yes, sir.

Mr. STRATTON. And to circulate those through the rest of the Department?

Mr. FLINN. I don't circulate them directly, sir. I have an individual I work for in a directorate. They are coordinated within my immediate office and then they are sent out to such individuals as Dr. Smith, who is the OSD (HA).

Mr. STRATTON. Suppose you come up with the idea of just tearing down the Pentagon because it is a little cumbersome. Does that then get into the circulation channel, or is there somebody that has to review your proposal before it goes out?

Mr. FLINN. Sir, as I said, my immediate boss reviews it based on my recommendations.

Mr. STRATTON. Who is your immediate boss?

Mr. FLINN. Mr. Shycoff. We have complete latitude to offer up or suggest alternatives as we see them in the budget review process.

Mr. STRATTON. And this was just another such review.

Mr. FLINN. Yes, sir.

Mr. STRATTON. And did anybody else besides Mr. Shycoff approve this?

Mr. FLINN. No, sir, not to the best of my memory. We usually staff those through the organization through the immediate office of—OSD staff levels after we come up with our alternatives.

Mr. STRATTON. I am afraid you have lost me there. I don't understand this jargon. What do you mean by staffing it through the OSD staff levels?

Mr. FLINN. What I am referring to there is we would send it to the various Secretary of Defense staff levels such as Health Affairs, Installations and Logistics—I. & L.—Manpower and Reserve Affairs—M. & R.A.

Mr. STRATTON. Does that mean they have to approve it, too, or they have to comment on it?

Mr. FLINN. They comment on it, the same as Dr. Smith commented on it.

Mr. STRATTON. I see.

And in this case you would have had comments on this from other staff levels, then.

Mr. FLINN. Sir, I don't recall right now whether we staffed that out to anyone else other than Health Affairs. I would have to doublecheck that.

Mr. STRATTON. Well, where did you get the idea for making this particular proposal?

Mr. FLINN. Initially, sir? It dates back—the Manpower Commission report came out, followed by the GAO report, and in looking at it I look at things in terms of cost effectiveness. It just appeared to me based on reviewing all that data that the scholarship program and direct recruitment would satisfy the goals that we were trying to achieve in physician levels.

Mr. STRATTON. Who did you talk to before you developed this alternative?

Mr. FLINN. Who did I talk to?

Mr. STRATTON. Yes.

Mr. FLINN. Well, I solicited data from the services insofar as their experience with the scholarship program, insofar as applications go, the number of applications they have out, students coming in, their goals insofar as achieving physician strength levels. Basically the services, and just pulling together data. It is basically a comptroller operation, so to say, in putting up these alternatives.

Mr. STRATTON. Had you made a similar proposal in fiscal 1977, in the fiscal 1977 budget process?

Mr. FLINN. Yes, sir, I believe I did.

Mr. STRATTON. Did you consult with the OMB on this subject? Was this something that they were interested in as well?

Mr. FLINN. Well, I worked—we have an annual October review of the service budgets in various Defense agencies. We also carry that on as a joint review with OMB analysts. And my counterpart over there is Mr. Fish, who Dr. Smith referred to earlier.

Mr. STRATTON. Mr. Fish.

Mr. FLINN. Right.

Mr. STRATTON. What is his first name?

Mr. FLINN. James.

Mr. STRATTON. James? And is it fair to say that he shares your position on this subject?

Mr. FLINN. Yes, sir.

Mr. STRATTON. Is he in a position to, let's say, influence your actions, or are you free to move without any reference to what OMB wants?

Mr. FLINN. Total freedom. Totally independent.

Mr. STRATTON. Where did you get the statement that you put into this document, "It now appears that DOD will be able to expand its physician strength by over 20 percent without the output of the Medical School"?

Mr. FLINN. Sir, I would have to check into that one. I believe that we had taken that from data on one of the reports that we had.

Mr. STRATTON. Where did you get the information there is no indication that the Department of Defense or the Nation will be short of physicians at the time the University will begin to graduate?

Mr. FLINN. Sir, that was basically just general discussions with the services, reading reports that you see coming out of HEW insofar as what they are projecting in the early 1980 time frame. There was an article again in the Post this past Sunday which discussed that in great detail.

I guess you could say it was an assumption just based on general material that I have seen.

Mr. DAN DANIEL. Would the gentleman yield?

Mr. STRATTON. Yes. Let me just ask one more question here.

The statement that you make that it appears that DOD will be able to expand its physician strength by over 20 percent without the output of the Medical School is contrary to the testimony that we received this morning. So I am curious as to where you could have gotten that.

Mr. FLINN. As I said, I believe it was a report we had. I am going to have to check that, and I can get back with the staff and let you know about that.

Mr. STRATTON. I wish you would, yes.

Mr. Daniel.

Mr. DAN DANIEL. Just for one question.

I was a little shocked by one of your illustrations there. You said you read something in the Washington Post. Surely you don't take these figures——

Mr. FLINN. No, sir.

Mr. DAN DANIEL. I am not criticizing the Washington Post, but you don't pick up a newspaper and read that we are going to have x number of doctors 5 years from now and use that as valid information.

Mr. FLINN. No, sir. I don't take the Washington Post as a source of information. No, sir.

Mr. DAN DANIEL. I didn't mean to identify that specifically.

Thank you, Mr. Chairman.

Mr. STRATTON. You say in discussing your alternative every effort should be made to assist the 32 students currently on board. Did you make any effort to determine how difficult that would be or how simple it would be?

Mr. FLINN. No; I did not, sir.

Mr. STRATTON. Why is there no reference to the fact that the creation of the school also involved the retention of a staff and a faculty, some of whom had to make some fairly important career decisions in order to join the University in the first place?

Mr. FLINN. Well, the decision was made, as I said, based on total cost effectiveness. In comparing the two programs, the salaries of the individual——

Mr. STRATTON. I am talking about your alternative, and you said that you based it on some things that you saw and read in the Washington Post and so on. What I am saying is weren't you aware that you also had a problem of taking care of a significant number of staff and faculty members at the University?

Mr. FLINN. Yes, sir. And in the phase-down plan, this tentative plan, in the event that the University is phased out, that includes relocation; that is being studied for staff and faculty.

Mr. STRATTON. Well, the staff isn't mentioned here in your——

Mr. FLINN. That was an oversight. It should have read "staff and students."

Mr. STRATTON. Did you have any contact with the transition team during the time that they were in the Pentagon?

Mr. FLINN. No, sir.

Mr. STRATTON. You didn't meet any of these individuals, Mr. Steadman, Mr. Schaeffer?

Mr. FLINN. No; I did not. I knew there was a transition group working in the building, but I had no direct contact with anyone.

Mr. STRATTON. Well, how would they have come up with a transition paper dealing with this same subject? Have you got any ideas?

Mr. FLINN. No; I don't. I don't know who the members were on the transition group.

Mr. STRATTON. Did you also prepare the PBD–333?

Mr. FLINN. Yes, sir. That was modified after I wrote it. It is not exactly the way I had written it, but I had written the original one, that's right.

Mr. STRATTON. Well, who had you write that?

Mr. FLINN. Well, I was in the comptroller and looking at the various—in the process of reviewing and working up recommendations for the budget amendment, I had recommended, along with many other recommendations which were not taken, various issues or items for possible budget reductions or budget increases. This was one of many. The transition paper happened to coincide with that draft PBD that I had originally worked up and someone up in the front office decided, I suppose, it was a good idea.

Mr. STRATTON. Well, I don't fully understand how this operated. Did you get some general instruction or did the comptroller's office get some general instruction "see if you can come up with some places where we can cut satisfactorily"?

Mr. FLINN. Not exactly along that line. We were to look at the budget——

Mr. STRATTON. Along what line did you get it?

Mr. FLINN. Look at the budget to see those areas where if we had to take a reduction, where could we reduce the budget. It was all in an "if" situation when I first got involved into it.

Mr. STRATTON. And from where did you get that instruction?

Mr. FLINN. Well, it was just verbally passed on down to me again via my boss, Mr. Shycoff. We are anticipating reductions based on the things that we had heard, and we just started to come up with those possibilities as we had seen them.

Mr. STRATTON. Were you given a particular figure to shoot for?

Mr. FLINN. No, sir. No. There was no target at all.

Mr. STRATTON. What is your own particular area of responsibility? Health affairs?

Mr. FLINN. Health affairs, the civil defense program, real property maintenance.

Mr. STRATTON. And so naturally, having had your idea shot down before, you resurfaced it as No. 333.

Mr. FLINN. Yes, sir.

Mr. STRATTON. Well, you said here a moment ago that the transition paper had apparently appealed to somebody and they had sent it down. Now, that suggests that you were given instructions to proceed with this item, rather than simply developing it in response to a request for any cuts that could be made. Which way did it work?

Mr. FLINN. Initially when I worked up 333 it was my own initiative. As you said earlier, I had proposed it back in November. And as you said, I was shot down.

When we were anticipating the Defense Department budget would more likely go down and we had better start looking at the budget, those areas where we could possibly take further reductions, I, on my own initiative, said this would be a good one for me to put back into the system again and I put it back in, along with many others that were never selected.

Mr. STRATTON. You weren't aware, then, that the transition paper was in the mill somewhere.

Mr. FLINN. Not at that time.

Mr. STRATTON. When did you become aware of it?

Mr. FLINN. I first became aware of that transition paper perhaps—oh, I would say perhaps 2 weeks before the final decision was announced.

Mr. STRATTON. When did this 333 surface? What timeframe are we talking about? Are we talking about what happened after January 20, or are we talking about something that happened before January 20?

Mr. FLINN. After January 20.

Mr. STRATTON. After January 20. And did you have any discussion with anybody on this subject?

Did you check to see whether the relevant facts were still true, or did you simply rewrite the document that you had originally?

Mr. FLINN. I rewrote it and put it back in.

Mr. STRATTON. I think you said earlier that it didn't appear exactly as you had written it; that there were some changes made after it had left your desk.

Mr. FLINN. That is right. It was abbreviated. It was basically I had resurrected the OP-53 that you have there, and the front page was shortened.

Mr. STRATTON. In other words, any reference to "pro" statements were left off and the "cons" were condensed a little bit?

Mr. FLINN. That is right. The OP-53, sir, was put up as an alternative type of document for the pros and cons, for the reclamas as Dr. Smith submitted. The PBD-333 was a decision document and it was not staffed for comment or for reclama consideration.

Mr. STRATTON. So where did that go, then?

Mr. FLINN. When I released it?

Mr. STRATTON. Yes.

Mr. FLINN. It went through the Office of the Comptroller on up to the Office of the Secretary.

Mr. STRATTON. And did anybody get in touch with you for further discussion of this?

Mr. FLINN. Yes, sir.

Mr. STRATTON. It went up to the Secretary for his decision.

Mr. FLINN. That is right.

Mr. STRATTON. That is Secretary Brown?

Mr. FLINN. Yes, sir.

Mr. STRATTON. Mr. Daniel, do you have any questions?

Mr. DAN DANIEL. Mr. Flinn, are you in a policymaking position or a staff position?

Mr. FLINN. A staff position. I am not in a policymaking position.

Mr. DAN DANIEL. Where did these two documents finally fuse, the transition team document and your document? Or did they fuse anywhere? Or do you know?

Mr. FLINN. I am not sure that they ever fused. I really don't know. As I said, I put the proposal into the system. I was asked for some other information relative to did I still support it; I said yes. And the next thing I knew is when the announcements were made. I did not know any earlier than Dr. Smith did whether that alternative would be chosen versus another alternative.

Mr. DAN DANIEL. Who asked you for the additional information?

Mr. FLINN. Well, it came down through the comptroller channel. It would be the Secretary's Office.

Mr. DAN DANIEL. The Secretary's Office asked for it?

Mr. FLINN. Right.

Mr. DAN DANIEL. Do you feel that this is a cost-effective operation?

Mr. FLINN. Yes, sir.

Mr. DAN DANIEL. That is all I have, Mr. Chairman.

Mr. STRATTON. Mr. Lally.

Mr. LALLY. Thank you, Mr. Chairman.

Mr. Flinn, on Monday, March 14, the Department submitted a package of documents to us. Did you have anything to do with the preparation of that package of documents?

Mr. FLINN. No.

Mr. LALLY. There were two documents which, according to the Legislative Liaison Office, were removed from the package before it was sent over here on the instructions of somebody from the Comptroller's Office. Now, were you the person who suggested that those documents be removed?

Mr. FLINN. You are referring to OP-53 and Dr. Smith's reply.

Mr. LALLY. That is correct, yes, sir.

Mr. FLINN. Those were documents—someone asked me if they should be in the book, and I saw the letter, Mr. Stratton's letter was asking for documents relative to the decision to terminate as part of the budget amendment, and those documents were not part of the budget amendment package, so I recommended they not be included in the book.

Mr. LALLY. Now, why did you conclude that they were not part of the decision?

Mr. FLINN. Because those are documents that relate back to an annual budget review that we go through every October when we are reviewing and putting together the Department's budget—the Department of Defense budget.

Mr. LALLY. So you limited the package that came over here then to documents which related only to Secretary Brown's decision on February 19.

Mr. FLINN. Yes, sir.

Mr. LALLY. Now, when I look through the package, Mr. Flinn, there are 10 documents that came over here originally, and about 7 of them are dated after February 19. Now, how could they possibly have related to Secretary Brown's decision on the 19th? Specifically, tabs D through K, I believe it is, are all post facto documents. Now, if you were restricting this package to pertinent documents, why did you leave all those in?

Mr. FLINN. Well, they are all documents pertinent to that decision. I really didn't have anything to do with putting the book together. I was only asked should the two November documents be in there, and I said no, because it wasn't pertinent to the decision.

Mr. LALLY. Among the documents is a document J, which has a cover sheet on it from Mr. Shycoff, and it has a fact sheet attached to it, Uniformed Services University of the Health Sciences. Did you prepare that document, sir?

Mr. FLINN. I am not sure.

Yes, sir. This, as it says here, was Mr. Fellenbaum and Mr. Lieberman from the Senate staff side who requested some data on the University, and I worked this up and sent this on over to them.

Mr. LALLY. Directing your attention, Mr. Flinn, to the discussion paragraph in the factsheet, the second sentence: "Current projections indicate that by 1981 the Department will be able to satisfy physician procurement requirements without the University, and that the Uni-

versity will be a considerably more expensive source when compared to the scholarship program or direct recruitment." What is the basis for your statement that current projections indicate that by 1981 the Department will be able to satisfy the procurement requirements without them?

Mr. FLINN. The same numbers that Dr. Smith was reading this morning, sir. He was projecting a shortfall of somewhere around 100 or so by 1981, if I remember right.

Mr. LALLY. Now, when you talk about a shortfall of 100, how many volunteers do you include in the accessions in the out years?

Mr. FLINN. I don't have that breakdown, sir. I was looking at the total numbers, their capability to meet the authorization numbers. And as I saw the numbers going out in the out years, they were getting into a better position, and that is what this is based on. Also the fact that they were I believe currently, as of December 1976, they were 5 percent below their authorization. In terms of cost effectiveness, if we can meet 95 percent of our goal, I consider that very good.

Mr. LALLY. Are you the gentleman that was responsible for the statement that they would exceed their requirements by 20 percent in 1981?

Mr. FLINN. No. I am going to have to go back and see how that got in there.

Mr. LALLY. But you don't know how many volunteers were included in these projections.

Mr. FLINN. That is right. I just looked at the total number and their capability to meet the total authorization number.

Mr. LALLY. Thank you, Mr. Chairman.

Mr. STRATTON. Mr. Hogan?

Mr. HOGAN. Thank you, Mr. Chairman.

Mr. Flinn, in other words, in your work you don't care about the quality of people, you don't care whether they are career people or not. You don't care whether they are aliens or not. You don't care whether they have graduated from a foreign medical school or what the degree of their training is. All you care about is can they meet a number. Is that true?

Mr. FLINN. Well, not totally. I am concerned—I don't want to do something that is totally going to disrupt the quality of medical care.

Mr. HOGAN. Well, you are talking about numbers. Now, what did you study to determine the quality of the people they are getting? What is the evidence you have of the quality of these people that you are recommending will come within 5 percent of meeting the numbers?

Mr. FLINN. I don't have any quality data.

Mr. HOGAN. You don't have any quality data. You don't study quality data, do you?

Mr. FLINN. No, I don't.

Mr. HOGAN. You may care about it in your own mind, but for your work you don't incorporate any quality factors in there at all, do you?

Mr. FLINN. No, sir.

Mr. HOGAN. It is just strictly numbers.

Mr. FLINN. Being able to meet the physician requirements.

Mr. HOGAN. Even though they are in a revolving door, they come in for an obligated tour of duty and then go. As long as they meet the numbers.

Mr. FLINN. As long as they meet the numbers and they can demonstrate to me that they are maintaining—that their retention levels are satisfactory.

Mr. HOGAN. What are the retention levels these days?

Mr. FLINN. I would have to provide that. I don't know.

Mr. HOGAN. Now, are there any documents that you have relative to the decision that was made that we don't have?

Mr. FLINN. I am not aware of any, sir.

Mr. HOGAN. Do you have a file on the school?

Mr. FLINN. I have this factsheets file which includes factsheets like this here that we provided to the Senate staff, things of that nature.

Mr. HOGAN. Well, you must have accumulated a lot of information over the years that you have been opposing the school. Don't you have a file?

Mr. FLINN. I have a file of information, yes.

Mr. HOGAN. Could we be privy to that?

Mr. FLINN. Sure.

Mr. HOGAN. Fine.

Now, you talked about the Manpower Commission's report. How much confidence do you have in that report?

Mr. FLINN. Well, some of their estimates were I think a little off base. I didn't totally put much stock into the Manpower Report. I primarily used the GAO input.

Mr. HOGAN. How influential with you was Mr. Fish in your decisions?

Mr. FLINN. I think it was a joint decision. As I say, Mr. Fish and I are responsible for reviewing defense medical requirements. It was a joint venture.

Mr. HOGAN. Do you know whether or not Mr. Fish has been dedicated to the destruction of the medical school?

Mr. FLINN. I don't believe he was.

Mr. HOGAN. Has he ever been a proponent of it, to your knowledge?

Mr. FLINN. Well, as I say, we reviewed the programs, and it was a mutual venture. I never talked with him in terms of whether he was an opponent or a proponent.

Mr. HOGAN. One last question, Mr. Chairman.

You said you didn't have any direct contact with the transition team. Did you have any indirect contact with the transition team?

Mr. FLINN. No, sir. I had no discussion at all with anyone on the transition team.

Mr. HOGAN. Did you ever forward any documents to them?

Mr. FLINN. No. Not on this subject, no.

Mr. HOGAN. Not on this subject.

Thank you, Mr. Chairman.

Mr. STRATTON. How did you determine, Mr. Flinn, whether the recommendations you were making would or would not undermine the effectiveness of the Defense military care program? You said in response to Mr. Hogan's question that you didn't want to do anything that would destroy the operation. How did you determine that, whether it would or wouldn't?

Mr. FLINN. Well, I was looking at the capability to meet, as I said before, the physician requirements. It appeared that they could maintain physician strengths without output from the University.

Mr. STRATTON. How did you determine that? From some document that somebody had given you?

Mr. FLINN. Well, from numbers that I had seen. For example, Dr. Smith was reporting numbers here this morning insofar as the on-board physician levels versus the authorized strength levels.

Mr. STRATTON. Well, did you talk to Dr. Smith?

Mr. FLINN. No, I did not talk to him.

Mr. STRATTON. Did you talk to the people out at the school?

Mr. FLINN. No, because they don't have those numbers. This would be back with the various——

Mr. STRATTON. Well, they would give you something about what would happen, if you were to terminate the school rather quickly, wouldn't they?

Mr. FLINN. Oh, yes.

Mr. STRATTON. In other words, you were doing this thing just on the basis of a few papers, without any discussion with the people who were actually involved with the program. Isn't that correct?

Mr. FLINN. I did not discuss it with anybody at the University.

Mr. STRATTON. I think that is one of the reasons that Mr. Hogan suggested maybe your files, since you seem to base everything on that, might be important for us to take a look at.

Mr. DAN DANIEL. Will the gentleman yield?

Mr. STRATTON. Yes, Mr. Daniel.

Mr. DAN DANIEL. What you are saying, then, Mr. Flinn, is the human element did not enter into the decision.

Mr. FLINN. That is right.

Mr. STRATTON. Well, if there are no further questions, the committee will stand adjourned subject to the call of the Chair.

Thank you, Mr. Flinn.

Mr. FLINN. Yes, sir.

Mr. STRATTON. And we will ask you to supply that information that you have indicated you are going to supply.

Mr. FLINN. Yes, sir.

[Whereupon, at 5:55 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
INVESTIGATIONS SUBCOMMITTEE.
Washington, D.C., Thursday, March 24, 1977.

The subcommittee met, pursuant to notice, at 4:05 p.m., in room 2337, Rayburn House Office Building, the Honorable Samuel S. Stratton (chairman) presiding.

Mr. STRATTON. The subcommittee will come to order.

The Chair and the members of the subcommittee have been waiting for Mr. David Packard, the former Deputy Secretary of Defense, who is Chairman of the Board of Regents and Acting President of the Uniformed Services University of the Health Sciences, who was in town today from his home in California, and whom we had invited to testify before our subcommittee.

Mr. Packard had indicated he also had been requested to testify before the Defense Appropriations Subcommittee, and that as soon as he completed his testimony before that subcommittee he would be happy to meet with us. Apparently, his commitments before the Appropriations Subcommittee have taken longer than scheduled; and in the opinion of the Chair it probably would not be possible for us to wait longer.

Mr. Packard has submitted his statement to the committee in advance. I have had a chance to peruse it. It is a very powerful statement.

I would suggest, if there is no objection, this statement be included in the record at this point as part of the record, as though Mr. Packard had been here to present it.

Is there objection to that request?

If not, the statement will be included.

STATEMENT BY HON. DAVID PACKARD, CHAIRMAN OF THE BOARD OF REGENTS AND ACTING PRESIDENT, UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

Mr. PACKARD. Mr. Chairman, members of the House Armed Services Investigations Subcommittee, I am David Packard, Chairman of the Board of Regents and Acting President of the Uniformed Services University of the Health Sciences. I am greatly appreciative to the committee for providing me this opportunity to correct erroneous information concerning the University, to reaffirm the need for this school, and to ask for continued congressional support for the program.

The Uniformed Services University was established in 1972 by an act of the U.S. Congress. On February 22, 1977, the Executive announced "The Uniformed Services University of the Health Sciences is to be closed." This, to the best of my knowledge, was a unilateral action, done without prior consultation, except for a brief conversa-

tion which I initiated with Secretary Brown, with the appropriate committees of the Congress or with the Assistant Secretary of Defense for Health Affairs. No responsible University official was consulted prior to the public announcement nor was an opportunity provided to reclama the decision. I learned of the action subsequent to its public disclosure.

On 10 occasions in the past 6 years, the Senate and the House of Representatives specifically considered the establishment of this medical school. Defense officials have testified as to the need for the school. In 1975, special congressional hearings were held on this matter. The Congress, on all occasions, has indicated its desire to establish this school. The decision to terminate the program is not exclusively that of the Executive; the Congress must also be involved.

The attempt to close the school signifies to me an acceptance of mediocrity, rather than a commitment to excellence, in military medicine. It is an indication that military medicine has been given a lower priority and points to a deemphasis of medical education in the Armed Forces. Closing the school, in my opinion, will have long-lasting and far-reaching negative consequences which will ultimately manifest themselves in our ability to maintain a viable defense policy.

Many facts and figures are tossed about concerning everything from the school's costs to the number of physicians to be graduated annually. The school is often compared to the Armed Forces Health Professions Scholarship Program as though it were an either/or proposition. I would remind the committee that these two programs are complementary not competitive. Both were established by the same act of Congress. Both are required if the military departments are to have any hope of achieving their medical manpower goals. The scholarship program is designed to provide the military with a comparatively large number of physicians who are expected to remain on active duty an average of 8 years. The University will annually provide 175 physicians who will average 16 years of active duty service. These two programs, along with the "doctor bonus" and voluntary enlistments, are the sources and methods available to the Defense Department by which to recruit and retain physicians.

There has been virtually no change in the cost figures during the past 2 years. What variations have occurred tend to benefit the University's position. These are the facts:

Congress has previously authorized and appropriated $79.9 million to build a complete medical school. The figure is not $100 million, $149 million, or $200 million.

The University is currently experiencing a $13.2 million cost underrun in its construction program. The current working estimate to build the permanent facilities is $66.518 million; $72.5 million has already been obligated for construction of the school. This includes $5.6 million for planning and design, $141,000 for renovation of space at the Armed Forces Institute of Pathology to accommodate the charter class which was enrolled in October 1976, $11.7 million for the first increment, and $55.1 million for Increment II. If the contract on Increment II is broken, final costs would exceed $60 million. It is facetious to say $100 million will be saved if the school is closed.

GAO has calculated that the cost to the Department of Defense is 22.3 percent greater for the University than is the scholarship pro-

gram, not three or five times as much. GAO in its report to the Congress of May 5, 1976, on costs of the University and scholarship programs stated that its "primary unit of measurement was the estimated cost per staff year of expected service from graduates of each program." Thus, the bottom line cost figure in the analysis is $21,444 for the scholarship program and $26,236 for the University, not $36,784 versus $189,980 or $4,362 versus $10,232.

It should not be surprising that the scholarship program is slightly less expensive to the Department of Defense since the cost to educate a physician through that program is paid in large measure by HEW grants, State funds, student tuition, and private contribution. Defense bears the entire costs of the University program. It only seems reasonable that in as much as 75 percent of the University graduates will remain in the military a minimum of 20 years, Defense should pay the cost and not expect States and other Federal agencies to support this program.

The total cost to the Federal Government of the scholarship program is $32,068 according to the GAO. There will be a minimal increase in the cost of the University on a Federal basis.

The cost to train a physician at the University corresponds favorably to the national average of civilian medical schools—$184,000 for the University, $188,000 for an average civilian medical school.

In its study of the University and the scholarship program, GAO noted that numerous benefits will be derived from the establishment of the University. Because these benefits are difficult to quantify, they are not entered into the cost analysis. Their report stated "GAO believes * * * that these (benefits) are important concerns which must be considered along with the program's cost effectiveness." For example, the University will train dedicated, career military medical officers who have had special course work in medical problems which are peculiar to the military. The school's curriculum is unique insofar as that in addition to the traditional medical courses, special training will be given to these students in tropical medicine, aerospace and underwater physiology, combat surgery, management of mass casualties, medical logistics, and the like. Exposure to these medical problems is not required for the practice of medicine in the civilian community. It is critical, however, for the doctor in the military to have had special training in these areas.

Another benefit of the University is the ability to assist in the retention of outstanding physicians who will otherwise leave active duty in pursuit of academic and professional recognition and/or careers in academic medicine. These are not uncommon factors which enter into a doctor's decision to leave the military.

The school is in a unique position to develop models in medical education and health care delivery systems and has already entered into relationships with the National Institutes of Health and the National Library of Medicine for its express purpose. The University will serve as a focal point for military medical education, much as the National Naval Medical Center, Walter Reed Army Medical Center, Malcolm Grow Air Force Hospital, the Armed Forces Institute of Pathology, the Armed Forces Radiobiological Research Institute, and the Army and Navy Research Institutes do in their respective fields. And it will be a repository of knowledge on worldwide medical problems.

Mr. Chairman, the Board of Regents has tried to act responsibly in this matter. At the time this matter was extensively considered by the Congress in 1975, I stated that the University was in a position to go forward in its development by beginning construction of its permanent facilities, hiring a faculty, developing a curriculum, seeking academic accreditation, and enrolling a charter class of medical students. The Congress, in 1974, had provided $15 million for construction of the first building. An additional $64.9 million was being requested for the second and final increment. I said that I hoped it could be assumed that approval of the University's construction request would indicate a vote of confidence for the program. If the Congress did not wish to proceed with the program, that was the time to stop it, before commitments were made to faculty, students, and contractors and substantial amounts of money spent on the program. I thought we were all in agreement on this.

The Congress, by its approval of the University's request, reaffirmed its support of this program. In compliance with the law, the Board of Regents proceeded with the program.

In the intervening 2 years, we have gone on to establish the medical school. Such would not have been possible without the strong support and assistance from numerous persons and organizations, including the Assistant Secretary of Defense for Health Affairs and the Surgeons General, all of whom serve as members of the Board of Regents, people associated with the military medical research and educational activities, the Department of Health, Education, and Welfare—in particular, the Assistant Secretary of HEW for Health—the National Institutes of Health, the National Library of Medicine, officials of the American Medical Association, the Association of American Medical Colleges, and the Association of Health Sciences Centers. The University has also benefited greatly from the appointments of an outstanding faculty and staff who have worked diligently and unselfishly.

I am pleased to be able to say to you today that 32 truly fine, highly motivated young men and women are currently enrolled at the University. Prior to their matriculation, a renowned faculty, composed of civilian and military members, was appointed. Over 50 distinguished civilian teachers left tenured positions to join the school. The school has received academic accreditation. The construction program is on time and under the budget. It is truly unfortunate that a program that has come along so well is again being called into question.

For the class to enter in September of this year, 2,500 applications were received. Our hopes are to enroll an incoming class of 68 students. Faculty and student interest in and enthusiasm for the program remains high.

There is little indication that the "decision" to close the school was well reasoned or based on anything other than erroneous cost information. Those who advocate closing the school assume the military can successfully meet its medical manpower accession requirements through sole reliance on the scholarship program and voluntary enlistments. No one appears to have addressed the matter of increased scholarship costs which will result from the escalation of tuitions and fees at civilian medical schools and the need to expand the number of scholarships by at least 1,500 to fill the void which would result from termination of the school.

How successful are the services in the recruitment of physicians off the street? Figures recently supplied by the Surgeons General indicate that in fiscal year 1978 about one-half, or 1,118, of the physician accessions must come from voluntary enlistments. As of February 1977, 162 doctors had been recruited. The military's experience has been that 55 percent of all voluntary physician enlistments are graduates of foreign medical schools, 70 percent of whom are aliens. The Health Professions Educational Assistance Act of 1976, which is now law, substantially decreases the number of foreign medical graduates who may enter the country, thus virtually drying up that source.

There is no evidence that prior to February 22 any plans had been made as to what to do about the students presently enrolled, faculty members hired, or alternative uses for the buildings. Only after the announcement was made regarding the school was the university asked to submit proposals pertaining to the future of students and faculty members. As of this time, I cannot give 100-percent assurance that all 32 students can be placed in civilian medical schools. We have not begun to answer all the questions pertaining to the faculty. But, because of the high quality of teachers and students involved in this program, I am optimistic something can, if necessary, be worked out.

Alternative uses of the buildings—the first being 90 percent complete, the second 20 percent—have not been answered. There will, most assuredly, be additional costs to renovate the facilities, which were built expressly for a medical school, to accommodate its new purpose.

In closing, I would like to say that the Board of Regents of the Uniformed Services University, with the support of the Congress, has committed itself to the development of a top quality medical school geared to respond to the needs of the military medical departments and the Public Health Service. The recitation presented to you today varies little from 2 years ago. The facts show that we are as much concerned with costs as anybody else. We have made substantial progress toward achieving that goal. The need for this school is more evident today than in the past.

To terminate the school is to place total reliance on programs over which the Defense Department has no control. That, to me, is a poor bet. If the school is closed, it cannot be resurrected anytime in the foreseeable future. Termination of this program makes renewal of a doctor draft a very real possibility.

History has proved the Congress correct in its support of this school. It would be both tragic and unconscionable to so dispose of this medical resource which you have helped to develop. I ask for your continued endorsement.

Mr. STRATTON. In addition, Mr. Packard has also submitted to us, with the request they, too, be included in the record, a statement on the subject of the University of Charles E. Odegaard, Regent of the Uniformed Services University of the Health Sciences and Professor of Biomedical History and Higher Education and President Emeritus of the University of Washington. Also a statement by Mr. J. E. Chapman, who is currently Dean of the School of Medicine at Vanderbilt University in Nashville, Tenn.

Without objection, those two statements will also be included in the record.

STATEMENT BY CHARLES E. ODEGAARD, REGENT, UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES, AND PROFESSOR OF BIOMEDICAL HISTORY, PROFESSOR OF HIGHER EDUCATION, PRESIDENT EMERITUS, UNIVERSITY OF WASHINGTON

I regard the recent decision of the Secretary of Defense to terminate the Uniformed Services University of the Health Sciences as unwise and contrary to the persistent and long-range needs of the military services of the United States. The criticisms of the Uniformed Sciences University which are reflected in the Secretary's comments in support of his decision appear to be those of the Defense Manpower Commission and the General Accounting Office which have focused on costs of educating medical students in the USUHS, presumably in contrast with lower costs for each military physician who is given a scholarship to be trained in a civilian school. There are costs to the federal government for such civilian-educated physicians apart from the costs to the Department of Defense for scholarships. These have been persistently ignored by critics. When these factors are considered, the costs prove comparable as revealed in the cost analysis provided by the USUHS. There is also the matter of great longevity of subsequent obligatory service in the military in the USUHS program.

I would like in particular to call attention to another aspect of the problem, which has been persistently ignored in these allegedly cost-effective criticisms; namely, the need to build within the military medical services a corps of officers who will serve longer terms in the military and provide the leadership and administrative framework within which a portion of short-term physicians can be inserted. The military medical services need not just a corps of competent physicians, but within the corps a nucleus of competent physicians who are also personally committed to the special purposes of the military, the special needs of the military, and to the personally demanding institutionally structured way of life of the military, to the point where they will dedicate a substantial portion or all of their professional lives to the roles of military physicians.

Over the past 15 years I have served in a series of assignments to publicly and privately sponsored commissions and committees having to do with medical education and the delivery of medical services to the American people. In the past two years I have conducted a study shortly to be published on minorities in medicine which led me through much of the recent literature on medical education and as a visitor to some forty medical schools. I am forced to conclude that it is folly to think of our civilian medical schools as presently functioning as a major source for physicians committed to the special obligations of military medicine and to long-term service in the military. We have troubles enough as a nation relating the professional goals of present day physicians to growing public expectations of more institutionalized medical delivery systems for civilians.

The influence of models on the development or student values and their adoption of particular lifestyles is enormous. This is particularly true of professional education, and especially so in the rigorous and long apprenticeship program in medicine in which students learn from practicing masters, who not only teach students their elaborate skills but also inculcate in large measure their own attitudes, concepts of medical practice, and way of life. Physicians who serve in the military medical corps, however, serve under distinctive circumstances and incur special obligations radically different from those in civilian practice. Whether compelled by the draft or by financial pressure in their earlier years of professional development, many physicians have served in the military, but often for the shortest possible time and have emerged with negative attitudes toward military medicine for which their civilian schooling rarely provided sympathetic preparation.

Where are the models in civilian medical schools for medicine as it must be practiced in, and meet the special requirements of, the military? Improved financial arrangements may help for the moment in recruitment, especially in view of the present disarray over medical malpractice in the civilian sector which may increase the chances for immediate recruiting of more physicians for the military. But are these bases for long-term commitments to military service? I doubt it.

The critics have elected to ignore this whole matter of personal commitment to military medicine as a requisite for those who will provide the long-term nucleus of military physicians. For a number of young persons to be won over each year to probable commitment to long-term service in the military, the nation needs, as a variant to the offerings of civilian medical schools, a medical school in which young people can see in action as respected role models committed mili-

tary physicians actively engaged in medical education intended to prepare these students for service in military medicine. The Regents have clearly had in mind the fact that the educational program of the USUHS must involve distinctive elements related to the military that distinguish it from schools organized to develop physicians primarily for the civilian health sector. It is a school for this special purpose, in support of the military, which the administration now proposes to terminate.

There are additional fringe benefits from the existence of a Uniformed Services University of the Health Sciences. Some military physicians will regard the opportunity to participate in tours of duty linked more completely with participation in medical education and research as an additional inducement to continue longer term service in the medical corps. The University can mobilize research and teaching about certain specialties in medicine significant for the military but largely neglected by civilian schools, such as tropical medicine, special environmental medicine, trauma, and large scale casualty management. Military physicians are already involved in more complex medical delivery systems built on collaborative relationships among health professionals than have evolved in the civilian sector. The University was expected to embrace programs in the health sciences generally and could be a significant contributor to research and teaching about systems development helpful in the first instance to the military, but very possibly also a source of ideas for civilian health delivery so much in need of improvement.

These matters are relevant to a decision on the USUHS. I believe that the reported decision cannot fail to affect adversely the quality of the medical services that will be available to meet the needs of the military establishment upon which the United States must rely for security in this dangerous world.

STATEMENT BY J. E. CHAPMAN, DEAN OF THE SCHOOL OF MEDICINE, VANDERBILT UNIVERSITY, NASHVILLE, TENN.

Mr. Chairman and members of the committee, I come here to testify as a medical educator of some 20 years of experience in medical education and for many of those years as a participant and an observer of medical education in both developed and developing medical schools. By training I am a pharmacologist, Clinical pharmacologist, internist and toxicologist. By profession I am a medical educator and a medical administrator and currently Dean of the School of Medicine, Vanderbilt University, Nashville, Tennessee. I am a member of the Advisory Committee of the Liaison Committee on Medical Education which accredits medical education in the United States and have on numerous occasions been both participant as well as chairman of committees which examine medical education in both new and fully developed medical schools in this country over the past several years. I have also chaired national study and policy committees on student finances. It is from the perspective of having reviewed the status of essentially every medical school in the country, as well as the perspective of being a Dean, acting Vice Chancellor, and Associate Dean related directly to students in medical education that I speak to you today to the subject of the feasibility of a Uniformed Services University of the Health Sciences. I also speak from a unique perspective of having been a member of a survey team which visited the Uniformed Services University of the Health Sciences on April 19, 20, 21, and 22 of 1976 for purposes of evaluating the program.

The conclusions and statements which I provide you are my own, and represent the thinking that I feel, based upon the experience I have had with students, with medical education, with curricula and with the American Medical Scene. I do not speak for any particular organization, but rather represent an independent view of one Dean with experiences in medical education and with medical students at all levels from Assistant to the Dean through Assistant Dean, Associate Dean, Dean, and at one time Acting Vice Chancellor for Medical Affairs.

When I learned of the plan, now long standing and of much debate, for a Uniformed Services University of the Health Sciences, I initially had some reservations. I had worked with students for many years and found that a number of students—sometimes significant, sometimes miniscule, saw advantage to and participated in the various scholarship programs of the several Services to support them while in medical school. However, as time passed and I gained in experience, I found that these students divided themselves into two groups, a

relatively large group which undertook the scholarship responsibility through force of financial circumstances and a smaller group which felt a dedication and an attraction to military medicine. The former group sought to discharge military responsibility as quickly as possible and depart while the latter group represented the core of the Medical Corps of the various Services.

It is my view that economically it is less expensive, and functionally to greater advantage, to attract those who are truly attracted because of strong motivation and to train and educate those of strong motivation in areas in which that motivation is strong and enduring.

A Uniformed Services University for the Health Sciences provides a focus for this group to express that motivation and to organize that motivation into profitable activity in a manner which can be, indeed must be, of high quality both in terms of the qualifications of the individual and in terms of the program to which the individual is exposed, as well as an economically sound investment which endures. There is little which can be more expensive than the constant turnover of physicians—the physician who is there because he must be, not because that physician wishes to be. The former is expensive and potentially a liability. The latter is less expensive and a great asset. There is a certain pride in any medical school to be dedicated to those principles of strength that that medical school holds to be important and of priority value. The Uniformed Services University for the Health Sciences will provide a focus for those individuals who hold the principles and objectives of this University in high priority. It is true that military scholarships can, and do, provide for a certain number of students who ultimately enter the armed services and stay. It is my view that there is strength in diversity and significant weakness in common uniformity, thus it would be my view that those who indicate that it must be one or the other seek the simplistic approach and ignore the fact that our economy, our security, and our way of life is built on diversity with a common thread wherein organizations are developed which address specifically principles and priorities of unique interest to particular individuals. It is my assertion that the Uniformed Services University for the Health Sciences provides that focus for individuals dedicated to, and who hold a priority for, military medicine and far from being a financial liability, it is a financial asset to have highly motivated people in a quality program which develops a tradition around which develops the motivation which is economically sound in that it perpetuates itself—strength builds upon strength and the diversity that is provided through not only the Uniformed Services University for the Health Sciences but the various military scholarship programs will together provide that diversity and strength which provides for certainty and security for our medical services. We know that the Department of Defense is currently short by almost a third of the authorized physicians in the Reserve. Further, most of the physicians available through the Reserve are rather senior in years, we need to build a youthful, dedicated, interested, committed group of physicians in military medicine. It is my assertion that the Uniformed Services University for the Health Sciences will provide for that important need in a manner which is economically feasible.

I think the people who monitor the budget would do well to remember an axiom which I learned as a student of evaluation and budget making. I quote "All that counts cannot be counted, and some that counts most cannot be counted at all and counterwise all that we count may not count at all."

While it is a catchy phrase it does have some substance to it in that the magic of numbers does count the motivational factor—the factors of dedication—the factors of turnover—the factors of pride, quality and service.

I would add but one further comment, namely that Congress acted to create a medical school—a Uniformed Services University for the Health Sciences and did so after debating the issue many times over many years. Students are studying in that University at the present time, faculty have been recruited, progress has been made, schedules have been met, commitments are in place—a curriculum has been developed, approvals have been achieved. To reverse field at this point would tend to confirm one of the greatest fears that some of us, certainly I, had on this concept of a governmentally free standing medical school developed—namely that the institution would not be an institution but a political organization and would engage the political process more than it would engage the academic process of educating physicians and other health care professionals. It is my view that in order to be a stable, viable institution which will attract faculty and students of high quality that issues of on-again, off-again must be

converted into what do we want, rather than do we want it. That point has been passed—the last question has been answered through your action; do we want it—the answer has been "Yes"—and now it is present and functioning. It seems to me important to address how much do we want and what type; for this comes with a decision and a commitment, a fundamental commitment not to dangle an organization at the end of a string but rather to firm it up, focus it clearly and support it wisely to produce the desired result—it can be done, you have the resources and power to do it.

With these few comments you know something of me and of my views—I am here to respond to whatever inquiry you wish to make of me.

Thank you.

Mr. STRATTON. The Chair would direct the counsel of the committee to be in touch with Secretary Packard to see if we could arrange an early time when he could appear before the committee and answer questions on this very excellent statement which he has submitted.

Mr. Mollohan, any comment?

Mr. MOLLOHAN. I have no comment.

Mr. STRATTON. Mr. Daniel.

Mr. DAN DANIEL. No questions, Mr. Chairman.

Mr. STRATTON. If there are no further questions or statements, the subcommittee will stand adjourned until 10 o'clock tomorrow, at which time we will take testimony with regard to the progress of the XM-1 tank.

[Whereupon, the subcommittee was adjourned at 4:08 p.m.]

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
INVESTIGATIONS SUBCOMMITTEE,
Washington, D.C., Tuesday, March 29, 1977.

The subcommittee met, pursuant to adjournment, at 10:10 a.m., in room 2337, Rayburn House Office Building, Hon. Samuel S. Stratton (chairman of the subcommittee) presiding.

Mr. STRATTON. The committee will come to order. The Chair would like to make a couple of opening remarks. First of all, at our last meeting on this subject inquiring into the decision on the part of the administration to recommend the terminating of funding of the Uniformed Services University of the Health Sciences, we had testimony from a Mr. Flinn, the budget analyst, in the Department of Defense. He had made this recommendation to the higher authority. He, in turn, along with several other witnesses, also testified that a Mr. Fish in the Office of Management and Budget was the individual that had direct concern in that Office for this particular project, and one who presumably had shared the feeling of Mr. Flinn that this was a project worthy to be eliminated from the budget.

Now, in response to that testimony, the Chair and the staff have endeavored to obtain the testimony of Mr. Flinn. A letter signed by the Chairman was hand delivered to Mr. Bret Lance on the 24th of March, requesting Mr. Fish's presence here this morning. Subsequent to that time, I have received a telephone call from Mr. Lance, advising me that he was unwilling to permit Mr. Fish to testify on the grounds that the precedents prevented the Congress from inquiring into the activities of the Office of Management and Budget; that is, offering to permit Mr. Fish to answer questions or offering to provide a second echelon management as to supervisory officials of OMB to testify before the committee. I told him the committee wanted Mr. Fish's testimony, and I couldn't see any difference between the status of Mr. Flinn, who occupied a similar position in the Department of Defense, and the position of Mr. Fish. There had been no difficulty with Mr. Flinn's testifying and the committee was not interested in getting the testimony of supervisory personnel but of the individual who made the initial recommendation.

Now, Mr. Lance, who is not a lawyer himself, as far as I know, indicated that the legal authorities in OMB told him that the precedents were against this kind of testimony.

I replied my information was to the contrary, that there was no right on the part of OMB to invoke executive privilege to prevent one of their employees from testifying before a duly constituted committee of Congress. He said, no, they were not claiming executive privilege, but it was clear he was refusing to allow Mr. Fish to testify. The only recourse that the committee has would be to subpena Mr. Fish. The Chair will recommend at the appropriate time to the committee that

we authorize such a subpena and get it signed by the chairman of the full committee.

Now, this morning at our resumed hearings we have a number of witnesses, but foremost and most important of all is Hon. David Packard, the Acting President and the Chairman of the Board of Regents of the University. Now, Secretary Packard has done an outstanding job in connection with the work of the University. We are grateful to him because we know that it is at some considerable personal sacrifice he has come here this morning to testify to the committee. We are very anxious to have his testimony. We also have Dr. Anthony Curreri, the President of the University; and Mr. Thomas Corcoran; we have the Surgeon General of each of the services; and Admiral Marschall, responsible for construction of the school buildings; and the Assistant Secretary of Defense for Health Affairs, Dr. Smith; and we have James Fish, of the Office of Management Budget, who is included in my printed statement. But, as I indicated, he will not be with us today. We will anticipate having him later on.

Our first witnesses will be Secretary Packard and Dr. Curreri. Now, in keeping with our procedure, could you rise and be sworn; and also Dr. Curreri.

Mr. PACKARD. This is Dr. Jay Sanford, the dean of the school.

Mr. STRATTON. We will take you all at once. Do you solemnly swear the testimony you are about to give before this subcommittee and the matters under consideration shall be the truth, the whole truth and nothing but the truth so help you God?

You have a statement, I believe. We would be happy to have that or any other remarks you may wish to give.

FURTHER STATEMENT BY HON. DAVID PACKARD, CHAIRMAN OF THE BOARD OF REGENTS AND ACTING PRESIDENT, UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES, ACCOMPANIED BY DR. ANTHONY R. CURRERI, FORMER PRESIDENT OF THE UNIVERSITY, AND DR. JAY P. SANFORD, DEAN OF THE SCHOOL OF MEDICINE AT THE UNIVERSITY

Mr. PACKARD. I have a statement I provided for you. I would like also to ask you to include a statement by Dr. Charles Odegaard, who is one of the regents of the University. Dr. Odegaard was the president of the University of Washington. He had a great deal of experience in medical education during his professional career and he makes observations I thought would be helpful to the committee in assessing this matter.

I also ask you to include a statement by Dr. John Chapman, the dean of the school of medicine of Vanderbilt University. He was a member of the committee that accredits medical schools, and he is familiar with the program. You will find his observations, I think, helpful in the consideration of this matter.

Mr. STRATTON. I believe that we had included those documents in the record the other day, when it was not possible for you to get over in time from the Appropriations Committee. So they are already in the record (see pp. 73–81).

Mr. PACKARD. I have been Chairman of the Board of Regents since 1973, when we first undertook to build this University. The Board of

Regents had nine members, eight of whom, except me, are medical doctors. We have had a great deal of expertise in this program. There are three Surgeons General.

Mr. STRATTON. Excuse me, we have a quorum at the moment, and I thought that rather than taking the risk of losing it, we might attempt to attend to the urgent business at the outset of my remarks. I think there may be a couple of members who were not here when I spoke. I have been in touch, as I think I indicated, with several members and the Director of the Office of Management and Budget, who is Mr. Lance. We requested Mr. Lance on March 24 to make Mr. Fish of his office available for testimony before this committee. Mr. Lance called yesterday to indicate that he felt this was improper, that we shouldn't be inquiring into the reasoning of the subordinate officials, that he would be glad to make second-level management personnel available to us. I told him that was not satisfactory. He wanted the opportunity to think about the matter overnight. This morning he called me. He told me he had consulted with his attorneys, that the precedents were against it, and that he would decline to have Mr. Fish testify, that he would be glad to have Mr. Fish answer our questions in writing. But I told him that was not adequate, or the way to do business. He said that was it. I indicated to him that I felt the only proper course for us was to subpena Mr. Fish so that we could have his testimony. We had testimony from the budget analyst of the Department of Defense. The Government has not fallen apart because he was questioned about his views. Having just taken another look at the statutes this morning, I see nothing in legislation creating the Office of Management and Budget that allows them to invoke executive privilege, which essentially is what Mr. Lance is trying to do, although he denied that is what it was.

Mr. BEARD. As a result of the background given, and in view of the failure of James Fish to appear in response to the Chair's request, I move the subcommittee vote to issue a subpena directing the appearance of Mr. Fish at a date to be specified by the Chair.

Mr. STRATTON. I think we should properly vote to request that the chairman of the full committee sign a subpena for Mr. Fish; isn't that the proper form?

Mr. LALLY. I believe the motion is proper.

Mr. STRATTON. The gentleman from Tennessee moves that a subpena be issued for Mr. Fish. Is there any discussion?

[No response.]

Mr. STRATTON. I think we should proceed by a rollcall vote. The clerk will call the roll.

[Rollcall taken.]

Mr. LALLY. All seven members present voted in the affirmative.

Mr. STRATTON. With a quorum present, the motion is carried and the Chair will request the chairman of the full committee to sign the subpena.

I want to thank the members of the committee for their support.

Mr. BADHAM. I request that my vote be counted as aye.

Mr. STRATTON. Without objection, the gentleman is recorded as voting aye.

Now, you may resume your statement.

Mr. PACKARD. I will not read the statement, but I would like to make some comments on several of the points.

Now, on the first page I pointed out that the Executive announced on February 22 the University would be terminated; that it would not be funded for the fiscal year.

I did have a very brief conversation with Secretary Brown a few days before this decision was announced. It was very clear that he had not taken much time to learn about the matter. It seemed to me that he had his mind made up. I want to say that this was just the period when he was putting together a $100-billion budget. I can understand that he did not have time to give much attention to a $14 million item in the 1978 budget.

As far as I know, there are no other responsible officials that were consulted prior to the decision. I point out in the next paragraph that on 10 different occasions this issue had been before the Congress and it had been supported, and in this matter I want to point out particularly that Secretary Richardson and Secretaries Schlesinger and Rumsfeld all supported this program.

At the beginning I talked to Secretary Richardson, and I told him I thought we could handle the matter more effectively if he set it up so that regents had authority to run the program, as it was anticipated by the legislation. We worked on a directive to make it possible for us to work efficiently without getting involved in the Pentagon bureaucracy. I have had a little experience in that environment. It was very helpful to be able to operate without having all of these fellows looking over your shoulder. At this time, I want to emphasize in particular that all three of the secretaries supported this matter. I talked to them personally. They gave us full support. I want that clear on the record, because it was stated by some of the opponents that Secretary Richardson opposed the program, but he did not; he was a strong supporter. He appeared at the groundbreaking with Secretary Schlesinger and myself when we first started the building. I want to make it clear through the entire period I have been involved we have a full and enthusiastic type of support from the people in the administration.

I think it is also important to point out that, although we are going to talk a little bit today—and I know you have other discussion about the scholarship program in comparison to the University program. These programs are not really competitive but complementary.

In my view, if the military is going to have an adequate level of qualified doctors in the future, then it will be necessary to support both the scholarship program and the Uniformed Services University program.

Now, on page No. 3, I make another point, which I want to emphasize. It is that there has been essentially no change in the cost figures during the past several years. And there is no new information that would justify a change in the judgment made by the Congress in the last several years. If anything, there has been some indication that the scholarship program will become more expensive.

I think there is no change that we can see in terms of the projected cost of the University program.

Now, I am sure that you are aware that the buildings for the medical school, the new buildings, have been authorized and are fully

funded and are under construction. We have photographs here that show you the status of the construction.

I want to say a word or two about the building program. First, it is in the terms of what we have done to keep the cost down. There were some comments that closing the University would save something in the neighborhood of $100 million in buildings. I want to point out there is not that much money in the building program all together.

Probably that judgment came from some of the original estimates as to what the cost of the buildings would likely be for this University.

Now, when the Board of Regents first addressed the problem, and we had the benefit of some prior architectural work and some studies on the buildings, and the people that did the work presented a very grandiose plan of building construction, including dormitories and lots of facilities and estimated this would cost $200 million.

I was clear to point out we are not building a country club; we want to build a good, down-to-earth medical school that will be effective. We cut out some of the features that were unnecessary. They came back and got the program down to $125 million. Well, they were still not satisfied. Two of the architects who were competing and some of the construction people were taken to California, where my company has been building various buildings of this magnitude. We build about 1 million square feet of building a year. I showed these people how some of the laboratory construction could be done less expensively. They came back, the two architects came back with what I thought were two very good plans. They were much more simplified and much more practical than the original. We selected one of these. That is the program that we moved ahead on. That included figures in here. The total amount of money authorized and appropriated is $79.9 million to build a complete medical school. These buildings under construction that you see here will be adequate to handle the full 700 student enrollment when we got up to that level in 1980 and 1981.

There has been some discussion about the fact that it is contemplated in the original program that there would be educational activities other than for medical doctors, or nursing, or for dentists and other health professional people. We have concluded that planning for these other health services, the education in this field, that it should be considered carefully, and at this time the regents propose to go ahead with the medical school only. We think some of the other health services can be added at a modest cost. These are the decisions Congress can make at the appropriate time, to decide whether you want to go ahead. It will not affect the viability of the medical school itself.

I would like to also point out that, although we have had the full funds appropriated, we were able to get gifts and manage the program in a way that we will come in substantially under the funds authorized to complete the buildings. We now estimate we will save about $13 million. There will probably be a few more change orders involving this, so I can't assure you that this full amount will be saved. I would like to also point out that the regents established a procedure whereby all major change orders for the buildings have to be brought to the attention of the regents and approved. This is to let you know that we are very conscious of keeping costs under con-

trol in this program, both in terms of the building and I will comment on the other aspects of the program later.

So far we have been successful—or lucky if you want to put it that way. We are coming out on the right side of the ledger in any case.

Now, there is one more issue, and I think it is a very important one in relation to buildings. It has been stated that there would be substantial savings in the building costs if this University is terminated. That matter has been addressed in a limited way. The regents have not addressed it in any detailed manner, because, obviously we think we are going to operate this way until we get instructions from the Congress to do otherwise.

It is my judgment that when this issue is examined in detail, that if the school is terminated, that you will find it advantageous to not only complete the first building but also the second building, because they are good buildings; they could be used for other purposes. It will certainly cost more to complete the buildings and change them for other purposes than complete them as planned for. The termination of this University will not save the taxpayers any money as far as these buildings are concerned. That statement was made, that substantial savings would accrue. But I honestly don't think that is going to be possible. You might want to examine that a little further from some of the people handling the building details.

I am almost certain, from what I know, that you are not going to save any money by terminating the buildings.

Now, the cost of operation, that has been discussed. I am sure you are all familiar with the figures. The General Accounting Office report, I think, agreed with us, that the appropriate measure to determine the cost effectiveness of what the actual cost of the program will be will be in terms of the cost per doctor-year of service, or how much it will cost for each year of service when you consider the doctors who graduate from the University, or by comparison of those that go through the scholarship program. The figures that were provided by GAO indicate that if the direct Department of Defense costs alone are considered, that the University program would cost about 22 percent more than the scholarship program. That is, specifically the University program would cost $26,000 per year of service, which you get from the graduates, and the scholarship program, including the Department of Defense cost, then it would cost about $21,000 for each year of service. The issue that has been discussed, and I think is very important, is that there are other costs incurred and paid by the Federal Government to support the medical schools which provide the scholarship positions. This question was also examined by the GAO at the request of the Armed Services Committee. The report on that indicated there would be about $10,000 additional cost, a little over $10,000 additional cost. If you look at the full cost to the Government as to what the taxpayer will pay for the scholarship program, the comparative figures expressed in terms of cost per year of doctor service you expect to get from each program would be $32,000 for the scholarship program and $26,000 for the University program.

Now, I think at this point probably the best way to evaluate the cost aspects of going on from here would be not simply in terms of these figures which were provided by the GAO because they include the amortization and building costs; those costs have already been

incurred. The scholarship program will cost more in the future because of tuition at medical schools, which is already going up more rapidly than inflation. There are going to be other changes.

It seems to me that the best way to look at this matter at this time is to begin with the fact that it will take 1,500 scholarship graduates to provide the same number of doctor-years of service and 700 students in the medical school will supply it. That figure was supported by the GAO analysis. The reasonableness of it, I think, can be seen very clearly by the fact that the University program requires 7 years of service; whereas the scholarship program requires 4 years. The ratio of 7 to 4 is 1.75. That is not very much under 2, and there is a small variation in several factors, which I think will clearly support the GAO figure, which is a little more or larger than 2 to 1.

In the first place, the University graduates can accrue more than 7 years of service by taking graduate work. We would anticipate that a fair number will do so. They can accrue up to 2 or 2½ years of additional service in the military or in the other assignments that they may receive.

A fair amount of the graduates will be obligated for not 7 years but 8 or 9 years, and perhaps a little more.

Mr. STRATTON. Could I interrupt you?

Mr. PACKARD. Yes.

Mr. STRATTON. As I understand it, the original GAO figures give $21,000 for the scholarship program, and $26,000 for the University.

Mr. PACKARD. Yes.

Mr. STRATTON. As far as you know, those figures do not take into account the fact that the scholarship students, as you say, are only going to be available for 4 years; whereas, the medical school graduates will be available for a minimum of 7 years.

Mr. PACKARD. No. Those figures do take that into acount. They also take into acount the estimates as to what the actual service would be. I think the GAO analysis is a pretty carefully done analysis. I would have no quarrel with those figures.

Mr. STRATTON. In other words, it considers the fact they are going to remain in service for another 3 years and as a benefit that the Government gets from their education?

Mr. PACKARD. They made estimates as to what the total retention would be for both the University graduates and other scholarship graduates they anticipate, and these are extrapolations of experience, which is relevant. You haven't had a specific experience or real experience, but I think the extrapolations are fairly good. This does take into account that the University students will provide more years of service in the military than the scholarship graduates.

Mr. STRATTON. Isn't the $21,000 figure the cost of each year of their training?

Mr. PACKARD. No.

Mr. STRATTON. It is not?

Mr. PACKARD. No; the $21,000 figure is the summation of all of the costs and the training and the other costs including the salaries when they are in service, divided by the number of years of expected service in the military. It is the cost per service year; not the cost of the specific education.

Mr. MOLLOHAN. You mentioned the comparability of 4 years of service as opposed to 7, and the University program.

Now, actually, isn't the comparison 8 average years of service for the scholarship program and 16 years of average service for the University program?

Mr. PACKARD. Yes; I think those were the numbers. The 7 and the 4, they are obligated years. Then they anticipate there will be certain ones that will stay on longer. Those are the numbers that I think are about as good an analysis as could be made at this time of the situation.

Mr. MOLLOHAN. Thank you.

Mr. STRATTON. Go ahead.

Mr. PACKARD. Now, in addressing the cost of this program, the PBD on which the Secretary made his decision indicated there would be a cost saving in 1982 of about $28 million, which is what we anticipate the cost of the operation at the University to be. He did not include in this analysis the cost of the scholarships which would be necessary to provide an equivalent number of doctors for the military. I think this is a very important omission, because if you look at the direct cost of the scholarships—and I have used the figure rounded off at $8,000 and I checked this again in 1975 and the cost was a little over $9,000—this means the cost for the 1,500 scholarships that will have to be supported in lieu of the University would be around $14 million a year.

The other costs to the Federal Government will add up to at least another $14 million. As far as I can see, there is going to be a standoff in operating costs. There is not going to be a $28 million saving; because, if you need the students, you are either going to have to utilize 1,500 scholarship students to take the place of several hundred University students or have more. I think a mistake was made in that matter. I don't believe you will realize significant savings either in the building costs or no savings in the building costs, and at this point I would predict the scholarship cost will go up. There is a new scholarship program that is very competitive—or they all are. I think the chances are it will actually cost you more to depend on scholarships only than depending on the University.

I am not saying that I—well, I appreciate the scholarship program. It has the advantage that it is flexible. You can go up to 5,000 students or more than that if you want. That could be the adjustment to bring you out to the number of doctors that you need as the program develops in the future.

Now, there are a couple of other points that I want to make. One of them I consider to be kind of a problem. The fact is that we expect to manage and operate this medical school so it will not cost more per graduate than the average medical school in the country. The figures that we predict on this as to the cost per graduate will be $184,000 for the medical school compared to $188,000 for the average medical school around the country.

These medical school costs are high. I wish there was some way they could be brought down.

I wanted to make a couple of comments about why the costs are high and to say a word or two about what we're trying to do to keep the costs under control in managing the program.

It is necessary, in order to have the competent faculty at a medical school, that they keep up with their practice in their particular field, particularly if it is a specialty. Every medical school has a program wherein the professors continue to practice. They do two things—and some of the professors here could give a better description, but let me attempt to do it. This helps them keep up with their practice. It also makes it possible for them to use their patients for students so they can be teaching with live patients. This means that they spend quite a bit of time taking care of patients in addition to teaching students.

As I think you know, any of the full-time professors of the medical school will practice—or are practicing in this area. They will provide a considerable amount of important patient service, which is included in the cost of the medical school.

Now, in the cost of the medical school, we and the GAO, in the figures I have given you, include the military pay of the students. Now, this is an item that is not included in the cost of other medical schools except to the extent they may have a certain amount of funds for scholarship. But usually it is very limited.

We are proposing to manage this program on the basis that it will not cost more than the average medical school around the country. And this will include the pay of the students during their school years.

One of the ways we are doing this is to simply be very tight on the number of people we have in the faculty. We have the advantage of a great many volunteer teachers or professors in the program.

I am convinced I can assure you that the Board of Regents is determined that we are going to keep the cost of the University within a reasonable basis, as we move ahead. Now, in saying that, I don't want to say we are going to be able to overcome inflation factors that may come along. We will probably have some increases, depending upon the factors that we cannot control. We are going to continue to do our best to run a tight program. In saying this, I point out we have already turned back a little over $4 million of operating funds you provided for us. This will give you a little evidence that we are doing what we say we are going to do. I assure you we will continue to do this to the best of our ability.

Mr. STRATTON. You say in your statement that you are going to try to provide some models for medical education in the schools, but with an underrun of $13 million in your construction program; now you say you are turning back funds in the operation and maintenance account to provide a model for fiscal management for the entire Government. It would be a tragedy to eliminate something with that kind of record.

Mr. PACKARD. We couldn't do it with the whole Government but I assure you we can do it for this University. You are giving us too much credit. This is a manageable program.

Mr. STRATTON. That would be like throwing the baby out with the bath water.

Mr. DAVIS. Now, you said, Mr. Secretary, you were trying to keep its cost in line with the cost of a regular medical university. You mentioned the military pay as a cost that other universities didn't have; is this military pay the same as regular military pay? And why I ask while they are in school does not go toward retirement. They do the military, since he's receiving full military pay; or does he get the

stipend that the Academy student gets? That is just for the cost of living or to meet necessities.

Mr. PACKARD. The students, they are regular military rank equivalent to second lieutenants. It is O-1. They get about $900, which is the same as the other officers get in this particular rank. The 4 years while they are in school, do not go toward retirement. They do not build up retirement benefits during the time in school. If they continue after the 4-year program with a residency program, that residency program does not count against the 7 years of obligated service. They do begin to build up retirement credits at that point.

Mr. DAVIS. Thank you.

Mr. NICHOLS. Will you yield?

Mr. DAVIS. Yes.

Mr. STRATTON. Mr. Nichols.

Mr. NICHOLS. What does the $900 go for? Does it pay the board on top of this, and what about meals?

Mr. PACKARD. The $9,800 per year includes subsistence. We chose not to provide housing on the University. They are living, I guess, that way. We think that is proper.

Mr. NICHOLS. Thank you.

Mr. STRATTON. Please continue.

Mr. PACKARD. There are a number of other important factors that I think justify this program that are quite apart from the financial considerations. These have to do with the fact that there are some special aspects to military medicine. We think this University can provide a varying capable and dedicated core of doctors for the military services who will have experience in some of the medical problems that are not generally addressed in the civilian medical schools. It can be argued that the civilian graduates can pick up some of these things, but you have a group of students that are prepared to go right into action, so to speak, when they finish their program. And it provides a very essential core of people to bare the entire Medical Corps of services.

I might say that I have addressed my remarks to the military aspects of this program. I am sure that you know that 20 percent of the graduates can choose to go into other uniformed services, such as the Public Health Service or the Coast Guard or services of this nature.

The military program is the largest and the other services have very similar aspects. And I concentrate my remarks on that side of the program.

There are a number of other benefits, but it seems to me that they can be best summed up by my goal. We have an opportunity to build what I'm sure can be one of the best medical schools in the entire country. We can do this here because we have in this area a tremendously important asset and centers of experience and activities in medical affairs. We have Walter Reed Hospital and Bethesda Hospital, and we have the Air Force facilities. We have the NIH, which is working very closely with us on this program. We have a representative on the board. We expect to continue to work closely with NIH. We are located close to the National Medical Library, which is probably the greatest medical library in the world.

This University will add an element of excellence to the future military Medical Corps, it will be very important. I think it is well worth some difference in cost.

I suggest if you don't agree, that the other cost to the taxpayer is $10,000 for a scholarship program, and if you don't want to accept that argument I would say there is an equally valid argument that this will provide a major situation that is worth a little more money to us and it will be worth it in terms of the quality of the Medical Corps in the future.

It seems to us that this is an important issue. This matter came up because of the move to the all-volunteer forces. We have been able in the past to draft doctors and use various medical doctors. We could pick and choose the doctors we wanted. We have had an outstanding record of medical performance and service in our armed services. I don't think you are going to have this if you rely only on the volunteer forces in the future.

I think there is already evidence of difficulties in that respect, and you probably will get a word on that from the Surgeon General.

I think that this is the program that will make sure that we will continue to have in the future the kind of quality and outstanding medical service for our young men and women in uniform and outstanding contributions to progress of health technology.

I would encourage you to continue your support for this program and in return for that, I assure you we will do the best we can to make this a University that you will be very proud of and very pleased that you did support.

Thank you very much.

Mr. STRATTON. Thank you very much, Mr. Secretary, for a very excellent statement.

Your written statement is also an extremely effective one. I just hope that this message can be gotten out to more people, because you have made a very forceful case.

I would like to ask a couple of questions with respect to the faculty of the school.

Mr. PACKARD. Yes.

Mr. STRATTON. We have already discussed the problems confronting the 32 students who will have their education terminated. The Defense Department has said they are going to try to place them in other medical schools. I know that my experience has been that we have literally dozens of constituents writing to us complaining about the fact they can't get into the medical schools in this country. Some of them are desperately going to Italy and elsewhere for medical education. I don't know whether there will be 32 spaces available anywhere else. I don't think as much attention has been focused on the problem of the faculty members except the Washington Post that ran a little piece the other day. It was about the human problems involved. Is it not true that you have recruited this faculty by persuading these people to give up substantial jobs in other places to come here to open up a new career, that they came in good faith presumably in some cases with tenure? What is going to happen with them if this University suddenly is terminated on the 31st of September?

Mr. PACKARD. Now, Mr. Chairman, we have been fortunate to bring to this University some outstanding professors of medicine. I have

been very pleased we have been able to bring people here. For instance, one outstanding professor from Stanford Medical School in my area is involved.

These people were brought out here with the understanding we would have a continuing program and this would be an opportunity for them. I don't know how many gave up tenure positions, but we clearly have a responsibility in this regard. The Regents, if they have the termination, will make recommendations we think are fair and equitable for the faculty people. We have not addressed that question yet.

I certainly feel that we have a very serious obligation to these people. They've come out to help us build the program. I think we owe them a great deal more than just telling them their job is finished at the end of September this year.

Mr. STRATTON. I take it, in other words, that this at the very least would involve payment of some kind of separation money which would create an additional cost to the termination.

Mr. PACKARD. I would anticipate it. I will ask the Board of Regents to study the question very carefully and make recommendations.

I assure you it will be more than just giving them a termination notice on September 31.

Mr. STRATTON. You are not a doctor, yourself, but what is this likely to do to medicine in general if we end up with this kind of shabby treatment for some of the top medical people in the country who in good faith accepted what they thought was a challenging expression of interest on the part of the armed services?

Mr. PACKARD. I don't think it will help the credibility of the Congress very much. I think there is another very important aspect.

Mr. STRATTON. What is that?

Mr. PACKARD. That is if the University is terminated now and in 2 or 3 years you find out you made a mistake, that you shouldn't have terminated it and want to reactivate it, I can tell you it would be absolutely impossible. You would not be able to get a faculty member to come from anywhere if you go through with the termination.

Mr. STRATTON. Let me ask one other question, and then I will give the other members an opportunity to ask questions.

It seems to be difficult to get the idea across to people, but this Government of ours is a Government of three separate branches, all with equal but separate powers.

What we have before us specifically is a recommendation from the executive for a budget item. That recommendation, if it were accepted by the Congress, would result in no funds to operate the University in fiscal year 1978. Now, whether that recommendation is accepted or not is up to the Congress. It is not up to the Executive. Now, in the interim of a decision on the part of the Congress, it is my understanding the Constitution provides that the Executive has a responsibility to see that the law should be properly carried out, or something to that effect.

Now, I don't see how, when Congress has established this University and has, as you pointed out, supported it on a number of specific occasions, that the Executive can turn around in February or March of 1977 and tell the management of the University to stop recruiting and begin packing up. Isn't there an obligation on the part of the Executive to continue something that Congress has established, at least

until Congress decides in its wisdom, or lack of wisdom, it wants to terminate?

Mr. PACKARD. That is clearly my view. As far as I am concerned, we are still operating under the authorization of the Congress. I think if you want to terminate the University, that question ought to be addressed. It ought to be considered. We are continuing the building and the whole program until you people tell us not to.

Mr. STRATTON. I have been disturbed because Assistant Secretary Smith testified that he felt it would be unwise not to advise those students who were applying for the next class, entering this fall, that there is a good chance that this might be terminated.

Now, I can't imagine anything that would do more damage to the recruitment of students for the next year than to have that kind of thing take place. I would certainly hope that as President and Chairman of the Board of Trustees—or the Board of Regents, that you will see that the recruiting continues.

It would seem to me—and I am not a lawyer—but maybe Mr. Corcoran could give us his advice on this, but it would seem to me there is a legal obligation to continue to operate the school until or unless Congress declares otherwise.

Mr. PACKARD. I would agree with it, yes.

We have a practical matter before us. Everybody knows this issue is being considered. That is why it would be very helpful if the House of Representatives would do as the Senate has done, to put the funds in the 1977 supplemental appropriations so we could have a decision. We don't need the money until the next fiscal year.

Clearly, if there is any doubt about having the funding, it would be difficult to attract the best students. If we needed two or three more people on the faculty, well, it would be very difficult to get anybody to come until that matter is cleared up. We do have a very serious time problem and a credibility problem.

Mr. STRATTON. In your judgment, if the House accepts the Senate amendment on the supplemental appropriations bill, this would take care of the matter?

Mr. PACKARD. I interpret it that way; yes.

Mr. BADHAM. I am concerned also about the 32, as well as the faculty, but the 68 for next year, as to this, do you have a deadline date beyond which you cannot accept students for the next class?

Mr. PACKARD. Perhaps Dr. Sanford could address this.

TESTIMONY OF DR. JAY P. SANFORD, DEAN, SCHOOL OF MEDICINE, UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

Dr. SANFORD. We will have to make a decision somewhere in the time frame between May 1 and May 15. If it hangs much later than May 15, we will have to modify the curriculum into next year. The reason for this time is that the individuals have to go through a commissioning process, which takes a certain amount of time. To remain on schedule and bring students in, in the middle of August, we will have to make final acceptance. I would say no later than the middle of May; that is unless we modify the school year.

Mr. BADHAM. Have you sent out any acceptances yet?

Dr. Sanford. No. I received word we were not to send out acceptances on February 15.

Mr. Badham. This was from the executive branch?

Dr. Sanford. Yes. I had a list on my desk at that moment to sign the original acceptances scheduled to go out on February 15. I held onto those at the instruction of the Department.

Mr. Stratton. At the instruction of the Department?

Dr. Sanford. I received a telephone call from the Assistant Secretary of Defense, from Dr. Smith.

Mr. Stratton. But he does not run the medical school, does he?

Mr. Packard. Now, Dr. Sanford discussed this matter with me. I thought, as a practical matter, we ought to delay sending out the acceptances until we got the funding thing settled.

Mr. Stratton. I can appreciate the wisdom of that. I was a little disturbed. It seemed to me that the dean would be responsive to you and the Board of Regents, rather than the Assistant Secretary of the Department.

Mr. Packard. I think we have the understanding. We could probably get a class in later, but you will miss some of your best students. We have the opportunity now to select the top applicants. Now, how many applications do we have? I will ask Dr. Sanford.

Dr. Sanford. This year 2,447 applicants. We have actually completed interviews on 460 applications. The admissions committee is meeting this morning to come up with a final recommendation.

Mr. Packard. We are still working on the applications. We will have everything ready to go when we decide it is safe to do so.

Mr. Stratton. Mr. Beard, go ahead.

Mr. Beard. I appreciate your taking the time to present your testimony. I don't have that many questions, inasmuch as we have gone through this so many times. I find it somewhat discouraging we have to take valuable time with everybody involved to be here. We are looking at building up to a 175 total graduate count. That is the ultimate goal.

Am I correct in stating that 20 percent of the class will have the option of going into public health, such as a branch of HEW?

Mr. Packard. The 20 percent may be accepted, but they don't have the option after this. Their commission in the Army, Navy, or the Air Force has to be considered. They do not have the option to change their mind.

Mr. Beard. When they first start, you mean; that is, before they make the decision on being commissioned, then that is it?

Mr. Packard. Yes.

Mr. Beard. This may be a very ignorant question, but is the cost for educating the 20 percent of the class which decides to go to the Public Health Service picked up by the respective budgets of other departments of the Government?

Dr. Sanford. Actually, the decision as to the number that can go into other Federal service is at the discretion of the Secretary of Defense. The Secretary of Defense has at this point established that 5 percent can be Public Health Service.

They were actually the agency that also covers the Coast Guard and the National Oceanographic and Atmospheric Administration.

Now, for those Public Health students, they are indeed carried by the Public Health Service. Their stipends come from Public Health

Service, and their permanent change of station is paid by the Public Health Service, not the Department of Defense.

Mr. BEARD. Take the 32 class members that you have. How many of those class members want the Public Health Service?

Dr. SANFORD. There are two students at the Public Health Service. Those were the number of positions that we had. They were filled so it was not solely a matter of students that had opted for this. These were the number of positions that we had. Two of them accepted them.

Mr. BEARD. How much did they receive per month?

Dr. SANFORD. They are paid identically. They are commissioned in the Public Health Service. Their rank and pay structure is identical with the military service. They are commissioned at the level of O-1, and receive exactly the same pay and benefits.

Mr. BEARD. The retirement aspect, what about that?

Dr. SANFORD. The commissioned corps of the Public Health Service has the same retirement program, as I understand it, that the military services have. It is identical.

Mr. BEARD. Identical.

Dr. SANFORD. Yes.

Mr. BEARD. There will be total participation by the public?

Dr. SANFORD. We project 5 percent of the total number of students. This was an agreement worked out between the Board of Regents and the Secretary or the Assistant Secretary of HEW, whose name was Dr. Edwards.

Mr. BEARD. I keep hearing the fact that we are somewhat short in the military, and it is getting more difficult to get doctors. Do you have a ballpark figure of what it would take or what kind of a shortage we have as far as doctors in the military today?

Mr. PACKARD. I think probably the Surgeons General that will be up here a little later would be in a position to give you first-hand information, rather than I.

Mr. BEARD. I think that is appropriate.

Thank you. I have no further questions.

Mr. STRATTON. Mr. Dan Daniel

Mr. DAN DANIEL. I have no particular questions. I want to express my appreciation to Secretary Packard, and I know it was somewhat of a burden for him to come because he was here last week, but I know of his great interest in this matter. It is not surprising to me that he wanted to come back. You mentioned about the constitutional provisions of the three branches of Government. That same Constitution also mandates that funding authority will be made by the same legislative branch. I think the point that Mr. Packard made as to the $14 million in supplemental appropriations in the bill is the key issue right now that we should be addressing.

I know that the subcommittee—or the majority of us—will work diligently on this. We believe strongly in this. I think also, Mr. Chairman, support that the University had by the Congress should be recalled: it was something like 10 to 1 in the House, and I think the vote was unanimous, as I recall, in the Senate. It seems to me that whoever made this decision should have taken some note of the overwhelming support of the University by the elected Members of Congress.

Now, while 50 percent plus 1 might be a good majority for election purposes, it doesn't seem to me that a 2.1-percent majority should give

any administration a mandate to willingly negate the actions of the Congress.

Mr. STRATTON. Thank you.

Mr. Davis.

Mr. DAVIS. Now, in your statement, on page 4, you said the average cost of training a physician at the university is $184,000 and $188,000 for an average civilian medical school.

Now, representing an area that has a pretty fine medical university itself, in Charleston, S.C., I have often heard the figure used—I wonder if you could confirm it or correct it—but approximately 60 percent of the cost of educating physicians is borne by the Federal Government even at a civilian medical university; is this a true figure?

Mr. PACKARD. Dr. Correri could respond.

Dr. CURRERI. When you discuss the full cost of operating a medical school—60 percent is about average—to be borne by the Government, you have to realize the Government supports teaching, as well as providing scholarships. There is also research and the people that do research also teach in other schools. When you include 184,000, we are including these services. If you talk about 60 percent, that is about correct. It might even go higher, if you are affiliated with a VA hospital. That 60 percent is only in the University budget. It does not include the support the University receives from the VA.

Mr. DAVIS. If it is associated with the VA, what about that, what is the portion you would get?

Dr. CURRERI. It is higher than 60 percent.

Mr. DAVIS. If we pay for civilian schools and get nothing in return, maybe there's some justification for paying what we have with the Uniformed Services University where we will get something in return, because the cost to the taxpayer will be the same.

Mr. PACKARD. I wouldn't say you are not getting anything in return.

Mr. DAVIS. Insofar as the military or governmental needs.

Mr. PACKARD. It seems to me the more important way to get at this is to look at what the average scholarship is in relation to the cost of the medical education. The figures there are about 5 or 6 percent or about 4 percent. The scholarship fees pay for only about 4 percent of the cost of the medical education.

Somebody is paying the difference. The Federal Government pays the major part of it. It seems to me that this is an imposition on the civilian medical school program, that the Defense Department should pick up its fair share of the costs.

Mr. DAVIS. As to the fair share in the other areas, why is the fair share considered when you pay for the education of the individual; that is, to support them with a $800 or $800 a year stipend? My goodness, the value of an education of $184,000—then to add another $140,000 on it to support it, well, they wouldn't have it at a private medical university.

Mr. PACKARD. That decision, I guess, was made because it was felt desirable for these people to be bona fide members or officers in the armed services.

Mr. DAVIS. You said they are not bona fide officers because they're not entitled to retirement.

Mr. PACKARD. They are with everything, except the retirement program. They actually spend some time in this.

Dr. CURRERI. I would like to correct the fact that that figure is not an addition to the 180,000; it is included in it. The other is that the Congress specified they would come in at this level. It is on the basis, if you spend 7 years of service, then they ought to provide them with a level of second lieutenant. This is why they make the differential between 7 years and 4 years of the payback. That was the original intent of the Congress.

Mr. DAVIS. I have one other question: How much of the budget—and this is a problem that ends up with teaching possibilities—is to be research-oriented at this University? You say the research program continues. What is this as opposed to the straight instructive area?

Mr. PACKARD. We have a very modest amount of research included in our budget. It is $900,000 this coming year.

Dr. SANFORD. Yes.

Mr. DAVIS. What is the research geared to? Is it geared to military or defense needs?

Dr. SANFORD. The $900,000 is R.D.T. & E. research funds that must meet military relevance criteria. They deal with such things specifically as the problems of shock. One of our faculty members is working on a vaccine against cholera. It is the toxicology of various materials that may be involved or used by the military.

In addition to this we have faculty members that have prior research grants from the National Institutes of Health. They have moved small portions of this in so that we have a very limited number of other research funds for nonmilitary relevant projects.

The $900,000 we requested in fiscal year 1978 is for military relevant programs. As we project this forward, the figures do not go into the fiscal year 1982 area.

Mr. DAVIS. You could say we have a commitment from you that research is going to be, to a degree, a secondary or tertiary matter; that this will be a teaching hospital? It will not develop into a research situation?

Mr. PACKARD. There is a good deal of research going on in this area already. I am completely in agreement with the proposition that we have got to handle this so that we can be efficient in the teaching and education. It is necessary to do some reserach.

Mr. DAVIS. Yes.

By the same token, what I'm worried about is there have been fine teaching hospitals that brought in research people, that brought in more research people. All of a sudden you have a research faculty rather than a teaching faculty. This is what I would like to have a commitment for the record, that this University will never turn into a research university, that its total commitment is going to be teaching and nothing else.

Mr. PACKARD. You certainly have my commitment that is our objective.

We have already put emphasis on it. I want to again point out that in order to keep the costs down to an average medical school figure and include the pay of the students, we have to have our professors handle more students than the average medical school. I think that's the direction that we ought to go. That makes teaching more efficient.

Mr. DAVIS. Thank you.

Mr. STRATTON. Are there any further questions?

[No response.]

Mr. STRATTON. Thank you very much. We appreciate you and Dr. Sanford and Dr. Curreri.

As far as this subcommittee is concerned, we are going to try to get the money in the budget so that you can process your new students.

Mr. PACKARD. I apologize for any inconvenience. I thank you for the opportunity.

Mr. STRATTON. We appreciate your taking the time to come back here. I am sure it is time well spent.

Our next witness will be the distinguished American, one with a great record of service to the country, Mr. Thomas G. Corcoran.

Mr. DAVIS. While we are waiting on Mr. Corcoran, we decided to issue a subpena for Mr. Fish. There were two members, Mr. McIntyre, and another from OMB that were here today to testify. We decided we did not want to hear from them, but we wanted to hear from Mr. Fish. Is this a correct statement?

Mr. STRATTON. You did not come in when I discussed this matter?

Mr. DAVIS. I had not heard your side of the story.

Mr. STRATTON. The committee wanted the testimony of Mr. Fish. Now, the Director of the Office of Management and Budget said that his legal people had told them that precedent had prevented him from allowing subordinate people to come up and testify before Congress, and he would be glad to have the management people come up and tell us why they made the decision; that we, in effect, had no right to insist on the testimony of the fellow that was actually down there at the initiating spot. I disagreed with him. My legal advice was to the contrary. I checked the law. There is no provision for the Office of Management and Budget to invoke executive privilege, which in effect this is. He said, we would be glad to have the people come up. I said, no, we want Mr. Fish, and we will proceed in the proper way to get him. I discussed this with him this morning at 9:05. At 10 o'clock three of the people stood outside saying they wanted to testify. I said, that is nice, but we want Mr. Fish.

I think it is up to the committee to decide whose testimony we want. They said they wanted the record to show they were available to testify. I said I wasn't sure that could get into the record because they would not be invited to testify. Their presence has already been reported or recorded in my remarks.

The point is that if you want to find out what went wrong with your car, you get the mechanic that worked on it. The owner of the shop in front doesn't know too much about it. That is the principle on which this committee has operated. That is the basis on which we voted for the subpena.

Mr. DAVIS. Wouldn't it be good to have in the record the official viewpoint of the administration as they presented it, for comparative analysis? This would have been the testimony of Mr. McIntyre and the other gentleman as administration people.

Mr. STRATTON. At some time we might desire to have it, but I don't think we can permit the executive branch to tell us or tell the committee who we will call as witnesses. That is the point we have to establish.

Mr. DAVIS. I voted for the subpena, as you know, but I would like to ask unanimous consent their testimony be made a part of the record.

Mr. STRATTON. There isn't any testimony.

Mr. DAVIS. I have a copy of what they would have said.

Mr. STRATTON. You have a copy?

Mr. DAVIS. I ask unanimous consent to place it in the record at this point.

Mr. STRATTON. I object on the grounds I think this confuses the issue at this point. At the proper time we might be willing to examine this, but I would not want to have an ex parte statement inserted in the record at this point. That is when we are trying to establish something that I think goes to the integrity of the congressional process itself.

Mr. DAVIS. I maybe disagree with you because I always like to operate with both points of view; that is for comparative analysis. We have taken the view supporting the university.

Mr. STRATTON. I don't think you want both points of view at the same time. We have in our house boys listening to the radio in one place and somebody else watching a television set in another place. It is very hard to appreciate either.

Mr. BEARD. If I may interject this: If the gentleman from South Carolina, at the time we have Mr. Fish here, asks for unanimous consent to interject the statement in the record at that time, then I feel that would be appropriate at that time.

Mr. DAVIS. May I say this? There is a caveat you might want to examine. They may decide to fight the subpena. At that time you will not have either testimony.

Mr. STRATTON. The Chair has not failed to recognize this as a possibility. If the Congress of the United States shakes or falters every time somebody in the executive branch says no, then I think the nature of our Government as the Founding Fathers conceived and established it, would be fundamentally changed.

Mr. DAVIS. I agree. That is why I voted for the subpena.

Mr. STRATTON. You are a smart man.

Mr. DAVIS. Does the Chair object?

Mr. STRATTON. Yes; the Chair objects.

Now, Mr. Corcoran, would you stand and raise your right hand.

Whereupon, Mr. Corcoran was duly sworn and testified as follows:

Mr. STRATTON. Mr. Corcoran.

TESTIMONY OF THOMAS G. CORCORAN, ESQ., CORCORAN, YOUNGMAN & ROWE, WASHINGTON, D.C.

Mr. CORCORAN. I just want to say this. I did not prepare a statement. I have a worm's eye view of this matter. I am concerned with the attitude of those in the medical services of the armed services. I refer to what difference the military medical school will make in their attitude.

I speak with some knowledge because I had a son out of Columbia Medical School. He was in the armed services for 5 years. I have another boy at Baylor. I am very much interested in this both from the standpoint of my family and the medical services themselves.

Many years ago I was an Irishman from Pawtucket and Mr. Fogarty was an Irishman from Providence who supported the big medical programs for the future. What I wanted to say was to pick up on what Mr. Packard indicated. He said another benefit of the University is the ability to assist in the retention of outstanding physicians who would otherwise leave active duty and pursue academic and professional recognition and careers in academic medicine. These are not uncommon factors that enter into decisions to leave military medicine.

Now, I listened to the conversations of my boy, and what he said is very significant about what this school means. In addition I have been very interested in this school from its beginning.

Military medicine has certain features that are not part of what you normally expect to have when you leave a civilian medical school. For instance, the military necessity of taking care of dependents and the enormous knowledge of this that is required means that, at the beginning, a boy has to go into the "KP" of the business at Fort Benning and take care of women that are left behind and the children left behind. There is the problem of what glamour there is or the dignity that there is at the end of the road in military medicine, that is, beyond simply taking care of the dependents or, if you have luck, as my boy did, and be able to go to Walter Reed.

The medical school will assist in making it an inspiring profession. It is the probability that you can create here a special corps of men whose duties are beyond the mere normal duties. They go through the problems of the glamour and excitement and the enormous developments of medicine that you get and the patriotic duty that you perform in case of war.

Now, even more than that, there is a great opportunity in a thing like this to create men who see the institutional service they perform. They are not just doctors. They are taking care of people, but also performing other military duties. It is like when we had to lick malaria in the Panama Canal Zone because of the mosquito problem. The point is that this is an opportunity for certain men who, from the very beginning, understand they are in the military service, not somebody just paying off the 4 years paid for the scholarship program. These are fellows who, from the very beginning are indoctrinated with the idea that they are part of a great institution. One does have the great obligation to take care of the dependents, which is a weary business for a doctor.

On the other hand, he has the great opportunity of being part of a great public service organization that can, in times of emergency, peace or war, do the great things that only an organization under military command and control can do.

I would say these people will increasingly remain for a career because they have been struck by this vision. They will, in turn, as the other boys come in, those filling out their 4-year obligation, say, for the scholarship plan, but, by the very contact with these men, they will get the idea of what the greatness of what this whole organization or the medical ability is here. This is not just the ordinary taking care of a patient as he comes in the door unrelated to what the great purpose of the organization is. This is what particularly interests me. We are going to have men who only come in to pay off their 4 years. This way, those very men, by being brought into contact with boys who,

from the very beginning, are military men, and they see the military service from one end to the other, both the drudgery of it and the greatness. This is in good public service. Then, these men will be teachers for the people who, for a long time, we will still be getting in under the ordinary scholarship plans that will fill the ordinary demands.

It is the view of what the attractiveness of this will mean to the men coming into the scholarship service, who, by contact with those indoctrinated, and the relationship to the military service and what it means, both professionally and service wise. It will make them want to stay in the service. It will bring a new degree of quality to the military medical service which otherwise would not be available.

This is a real attempt to put a quality into military service which normally, you simply don't get with a fellow that simply is paying off with his 5 years of service without a particular interest in staying in or any particular vision of the greatness or the challenge. He is just paying off his medical education which otherwise would cost him too much to go through school. My boys went through without any of the assistance. They are still thinking in these terms. The boy that didn't actually go through this for 5 years thought, when he saw the school, this probably would be the greatest help to what he thought would be necessary for the upgrading of the medical service. I will put more in my statement later. Thank you.

Mr. STRATTON. Thank you very much.

In other words, what you are really saying is that this University can contribute to upgrading the quality of the medical skills available to the armed services.

Mr. CORCORAN. Yes.

Mr. STRATTON. And to their dependents and, at the same time, perhaps make a contribution to medicine in general, Mr. Corcoran.

Mr. CORCORAN. Yes. And the public health.

Mr. STRATTON. I think that those of us that have been fortunate enough, or unfortunate enough, to spend some time out at Bethesda or perhaps at Walter Reed, have almost uniformly come back impressed with the tremendous skill of the senior doctors out there.

Mr. CORCORAN. Yes.

Mr. STRATTON. I am sure that Mrs. Ford is aware of that, and other individuals have been made aware of it. My feeling is that you can't attract men and women like that and keep them unless there is the challenge of the expansion into broader fields referred to.

Mr. CORCORAN. Yes. I refer to the appeal that this will make to the fellow that comes in. He will become inspired. He would then want to stay and become a very able senior man that you people in the Congress have been lucky enough to touch.

Mr. STRATTON. Thank you.

Mr. Beard, do you have any questions?

Mr. BEARD. I will only say one thing. I would not spend any time putting what you said into a statement because I think the worm's-eye view presentation is about as good as you could make. I think that your remarks are very appropriate and effective. I feel that is all the committee will need. I thank you for taking the time.

Mr. CORCORAN. I thank you.

Mr. STRATTON. Go ahead, Mr. Daniel.

Mr. DAN DANIELS. I would like to underscore the word "uniqueness" as described here. I thank you very much for your testimony.

Mr. STRATTON. Mr. Treen.

Mr. TREEN. Why would this University be more inspirational than the other program or scholarship programs?

Mr. CORCORAN. Why?

Mr. TREEN. Yes.

Mr. CORCORAN. From the beginning, these people are in the military service. For that reason, they see, as part of a great hope this work that you have to do in the beginning. They see the importance of it—well, this taking care of dependents which is ordinary, and the KP, say, of a fellow that comes in after his first 5 years. It is such great volume and they see the relationship to the service or the function of the service.

Mr. TREEN. And the people in the other programs don't see this?

Mr. CORCORAN. All he knows is this. All that he knows at that time is that he is coming in and is trying to get out as fast as he can. If he were in private practice, he would have a great variety of things. But the necessity of the organization of the Army, through this, he has to take this, like my first boy had to take it. He would have to go down to Fort Benning and take care of the military KP. You have to understand the whole function of the Army medical service and the function of the Defense Department or the Army. You don't see it in a grand manner. You see it as something that you are compelled to do to pay off your 4 years of being paid to go through medical school.

What I am saying is the idea of this is, from the actual beginning, you see yourself a part of the whole Defense Department arrangement. Therefore, the miserable business of taking care of KP has a significance that ordinarily it would not have, Mr. Treen.

Mr. TREEN. I think that possibility would be enhanced if you had screening, or careful screening, of applicants to the University. There are going to be some of them that want to come to this University just to get their medical education and to then complete their obligation and get out. I realize that they have a longer obligation. Those might be more inclined to go to the scholarship program. You are still going to have a tendency with some of them to see this as a way to get a commission, to get paid and to get their education.

Mr. CORCORAN. Even if they do, they are immersed.

Mr. TREEN. I think the chances are better in that environment than in making a career service individual. I agree.

Mr. STRATTON. Mr. Davis.

Mr. DAVIS. I have no questions except to thank a very able and well distinguished gentleman for his testimony.

Mr. CORCORAN. Thank you.

May I go back to bed, sir?

Mr. STRATTON. You certainly may. Thank you for your testimony.

Our next witness this morning is our distinguished colleague from Maryland, Newton I. Steers, Jr., who has the honor of having the University located in his congressional district. Mr. Steers, we are glad to have you here today.

STATEMENT OF HON. NEWTON I. STEERS, JR., A REPRESENTATIVE FROM MARYLAND

Mr. STEERS. Thank you very much, Mr. Chairman, for allowing me to appear, particularly for squeezing me in to testify before your subcommittee today on behalf of the Uniformed Services University of the Health Sciences.

The eight Representatives from Maryland and the two Senators have joined with me in making the following points in a letter to Secretary of Defense Harold Brown.

An identical letter was signed by the metro caucus, including suburban Virginia, the District of Columbia, as well as Montgomery and Prince Georges Counties, Md. I quote from these letters to Secretary Brown. My testimony will just be a verbatim quote from these two letters.

First, we would like to address ourselves to the economic considerations of the proposed budget "cut." The DOD mentioned figures of "at least $100 million" and "as much as $200 million" as the total construction costs with the unspent portion thereof constituting potential savings.

It is our understanding that, in fact, Congress appropriated $85.8 million for the two buildings under construction. Construction contracts have been let for a total of $72.6 million, a $13.2 million underrun, in welcome contrast to overruns which have so frequently plagued the Department of Defense. It is our understanding that approximately $66 million, not "$15 or $20 million" mentioned by Secretary Brown as the figure for "how much has been spent" of the $72.6 million has been obligated, leaving $6.6 million of potential savings if no termination or conversion costs are considered. To convert the almost completed building, demolish the second building, and restore the site will clearly exceed this figure.

Thus, a reduced total expenditure is not one of the options now open to us. The question obviously arises as to whether the benefits of increasing expenditures at this site are sufficient to justify increasing the expenditures.

Putting the matter differently, it appears that we have two, and only two, alternatives: One is to convert the new building to another use; the other alternative is to complete the project as planned. In order to choose between these two alternatives, it seems to us imperative that the new use be defined so that its cost, and the benefit to be derived from it, can be ascertained.

The new cost and benefit can then be compared with the cost and benefit of the medical school. We note Mr. Brown's words in regard to the first building: "I think we want to review this and then see how it could be used for other purposes." We ask whether the review he refers to should not have been made prior to, and to provide a basis for, the decision you have announced.

Secondly, there is an overall shortage of doctors in this country which is magnified by various geographic and medical specialty shortages. We believe that, as a minimum, an increase in the supply of military and public health physicians will alleviate the shortage of doctors in private practice, since the existing civilian medical schools now furnish all the doctors for the uniformed services, military and public health. The doctor draft, previously relied on, is, as you know, no longer available.

Careful cost accounting, done by the GAO in May and June, 1976, has shown that the cost to the taxpayer of educating physicians at the Uniformed Services Medical School is probably lower, not higher, than the costs of acquiring physicians for the military through the military scholarship program. The initial GAO study estimated $26,236 per year of service for Uniformed Service graduates, versus $21,444 per year of service for scholarship students. In a second analysis of federal costs, the GAO estimated a total federal cost per staff year of $32,068 for the scholarship program. Additional incremental federal costs attributable to the University were, to be sure, not estimated by the GAO, but would be very little above the $26,236 since the military teaching hospitals already have over

1,300 students from the civilian schools. These students can be replaced with the students from the Uniformed Services University.

We appreciate that your budget must support all of the cost of the medical school, while other federal programs support part of your scholarship program. Our concern, of course, is with the cost to the taxpayer; on this basis, the medical school appears to be cost effective. In any case, we have been given to understand that your statement "to operate the school at a direct cost" to the government perhaps three times that of educating such people in outside medical schools is not reflected in the GAO study.

We believe the federal government has obligations to the teachers and staff who have given up secure jobs elsewhere to join the medical school in good faith. There are 32 young men and women students who have declared their intention to become military career physicians. You are, we hope, well aware how difficult it has been for your department to recruit and retain well qualified doctors. We applaud your department's decision to "reflect providing assistance to the 32 students currently on board." These costs, are, of course, part of the cost of terminating the project. We note that this same decision makes no mention of the 50 persons who have left other tenured positions to join the medical school staff. Their costs are likewise an obligation of the federal government and a part of the cost of termination.

Finally, the Uniformed Services School was repeatedly considered by the Congress. It was a controversial issue, but the will of the Congress was made plain and clear, and the school was established by Congress in law as a statutory agency of the Department of Defense. We note the official department language: "The Secretary has decided to terminate the University by FY 1977. The Assistant Secretaries, (I&L), (M&RA), and (HA) shall proceed to implement this decision in accordance with previously provided instructions."

Now, that is a direct quote from an official document of the Department of Defense. I submit to you that the Secretary has usurped our prerogative. A very critical issue is at stake here. Once the Congress has laid down a clearly enunciated policy, should the executive branch execute that policy? We think the answer is in the affirmative. Recommendations to the Congress are welcome. Decisions contrary to congressional policy are quite another.

Mr. STEERS. Now, Mr. Chairman, that is the end of the quotation and the end of my testimony.

Mr. STRATTON. Thank you very much. I think that you have made a very powerful statement. I think, especially, the point you are making in your closing paragraph is one that has concerned me. This is the statement: "A very critical issue is at stake here."

Now, if the President can terminate this University in a simple budget recommendation, he could do the same thing to West Point or to Annapolis. Certainly, this is not what the Congress intended. I think it goes beyond, in my judgment, the proper authority. Obviously, our solution, as Mr. Packard indicated, is to get the money into the appropriate bill as quickly as possible. That way we can speak more eloquently than in any other way.

Mr. Treen, have you any questions?

Mr. TREEN. I appreciate our colleague being here and the thrust of his remarks. You mentioned that an identical letter that the Maryland delegation signed to the Secretary of Defense was signed by the metro caucus. I am not familiar with the make-up of the caucus. Which members of the House make up the caucus?

Mr. STEERS. The Metropolitan Washington caucus and the people that are members of it are: from Virginia, Joe Fisher and Herb Harris. They both signed the letter. The Congressman from the District of Columbia, Mr. Fauntroy, signed the letter. As I indicated earlier, all of the Representatives from Maryland had already signed it. Therefore, the metro caucus letter included them also.

Mr. TREEN. Thank you.

In your last paragraph you stated: "Once the Congress has laid down a clearly enunciated policy, should the executive branch execute that policy?"

I second this. As the chairman has done, I think it is the prerogative of the executive to consider all programs of the Federal Government, that is, with respect to future funding. I am very pleased to note that you made that statement. I hope that you and the members on whose behalf you are speaking will support us in other areas where Congress has laid down a clearly enunciated policy. For example, in the 30 water projects that the Congress clearly enunciated. I came from a Coast Guard authorization hearing. We set up by statute a vessel traffic system in some of our busy ports. I just learned this morning there have been tremendous public hearings and impact statements. I understand the administration ordered a 6-month restudy of this congressionally enunciated policy. We look forward to supporting you, at least I think I will. I will wait until all the evidence is in. In return, we hope that the metro caucus and the Maryland delegation will support us in other areas where Congress already has an enunciated policy. We would like to include the B–1 on that, too, if we could.

Thank you, Mr. Chairman.

Mr. STRATTON. I wish you luck.

Mr. DAVIS. I have no questions except to welcome our colleague, not only to the 95th Congress, but to his first appearance on the committee.

Mr. BADHAM. I also welcome the gentleman. He is actually the president of the 95th Club. I associate myself with the remarks of the gentleman. I commend you for coming before the subcommittee. I commend your remarks.

Mr. STEERS. Thank you.

Mr. BADHAM. We have had the armed services hospital, the water projects and the B–1. That isn't bad for one shot, Mr. Chairman.

Mr. STRATTON. Thank you very much. We appreciate your fine statement.

Mr. STEERS. Thank you.

Mr. STRATTON. Our next witness is Dr. Francis J. Haddy, Chairman, Department of Physiology, Uniformed Services University of the Health Sciences.

Now, Doctor, I understand you have some of your staff with you. We would be glad to have them take their places at the table. Before you sit down, perhaps all of you might raise your hands.

[Whereupon, the witnesses were duly sworn and testified as follows:]

TESTIMONY OF DR. FRANCIS J. HADDY, CHAIRMAN, DEPARTMENT OF PHYSIOLOGY, USUHS, ACCOMPANIED BY COL. ROBERT JOY, CHAIRMAN, MILITARY MEDICINE AND HISTORY, AND COL. BERNHARD MITTEMEYER, CHIEF OF SURGERY AT WALTER REED HOSPITAL AND PROFESSOR OF SURGERY AT THE UNIVERSITY

Dr. HADDY. Now, Mr. Chairman, I am Dr. Francis J. Haddy, Chairman of the Department of Physiology at the Uniformed Services University of the Health Sciences.

I will comment on the quality of our students and the curriculum and the civilian faculty.

I am accompanied by Col. Robert Joy, who is the Chairman of the Department of Military Medicine and History. He is available to answer any questions you may have about the curriculum in military medicine. With me also is Colonel Mittemeyer, chief of surgery, Walter Reed. He is professor of surgery at the University. He is available to answer any questions that you may have about the relationship of the University to the teaching hospital. I was the first department chairman——

Mr. STRATTON. Let me interrupt you. Are you speaking from your prepared statement?

Dr. HADDY. Yes.

Mr. STRATTON. I want to make sure the other members realize you have the statement. You may proceed.

Dr. HADDY. I was the first department chairman to join the University. By profession, I am a physician educator. I was awarded the M.D. degree and the Ph. D. degree in physiology by the University of Minnesota, and I was trained in internal medicine at the Mayo Clinic. I served in Panama as an Army medical officer in the late forties and was on active duty again in the mid-fifties as an Army medical officer as chief of environmental medicine at the Army research laboratory at Fort Knox. I taught for 8 years at the Northwestern University Medical School, for 5 years at the University of Oklahoma Medical School, and for 10 years at the Michigan State University Medical School. I was chairman of the department of physiology at Oklahoma and at Michigan State. I have participated in the instruction of 23 classes of medical students. Based upon this experience, I can assure you that the quality of students in the charter class at the Uniformed Services University is excellent. Their college grade point averages and test scores are equivalent to those of the students that enter established medical schools like Michigan State University. They are doing very well in my course in physiology. I gave the USUHS students the same examination on the physiology of the heart and blood vessels that I gave to the Michigan State students last year and the USUHS class average on that examination exceeded that of the Michigan State class. This, I believe, is related to two factors: motivation and curriculum design. The students at USUHS are highly motivated, perhaps in part because they are more mature than the average class of first-year students. The curriculum at USUHS provides more time for lectures and includes detailed laboratory exercises which many medical schools have stopped giving to medical students.

Our aim is to produce a physician with all of the skills of a civilian physician but who, in addition, has those skills which are peculiar to the medical needs of the military services. To this end we have included everything in the curriculum that you will find in the usual civilian school and then added courses unique to military medicine. The curriculum includes the usual courses in anatomy, physiology, biochemistry, internal medicine, pediatrics, surgery, and so forth, but in addition, incorporates material and includes courses which address in depth such problems as tropical and parasitic diseases, wound ballistics, medical defense against chemical and nuclear war, mass casualties,

frost bite, heat exhaustion, motion sickness, altitude illness, the hazards of noise, and so on; problems which are encountered more frequently or uniquely in military populations.

The Washington area is an ideal setting to accomplish the aims of our curriculum. What one needs to produce a good physician is intensive training in the basic medical sciences, such as anatomy, physiology and biochemistry, followed by extensive bedside teaching in the clinical disciplines such as medicine, surgery, and family practice, with access to a broadly varied patient population. The superb Federal laboratories at the National Institutes of Health, the Walter Reed Army Institute of Research, the Naval Medical Research Institute, the Armed Forces Institute of Pathology, and the Armed Forces Radiobiology Research Institute have a rich reservoir of scientists who are not only assisting with our teaching program but provide exciting opportunities for collaborative research with USUHS faculty members. The military hospitals at Walter Reed, Bethesda, and Malcolm Grow provide an unparalleled source of patients for medical student education and of widely experienced clinical teachers—many of whom now hold point teaching appointments at the USUHS. I will say unequivocally that our students will receive a regular medical education second to none, with the increasing advantage of a special education in military medicine.

In all fairness to my colleagues on the civilian faculty, I would like to discuss with you their present unprecedented plight. Many distinguished medical educators left tenured positions in civilian medical schools and, in good faith, took tenured or tenure track positions at USUHS. In some cases they moved as teaching and research teams. I for example, brought a team of six persons at the doctoral level and four at the research associate level with me. We function as a teaching team and as a research team. We left all of our research equipment and well over $150,000 in research and training funds at Michigan State University. It never occurred to us that a University, established by an act of Congress, could close on a moment's notice and without discussion with the people involved. It if closes, the effect on us will be catastrophic. It will be very difficult to find positions in civilian medical schools by September, since recruiting for the next academic year is already almost complete. We will certainly be destroyed as a team because it will be impossible to find 10 positions in 1 place. It will be years before we recover the research and training funds and equipment—if at all. My fellow chairmen in biochemistry, pharmacology and microbiology are in the same position.

In summary, Mr. Chairman, as a medical educator for 23 years I find that the curriculum, the students, the facilities, and the faculty of the USUHS are of unique quality and potential. We are building a first-class medical school. We will produce first-rate doctors for the Department of Defense.

Mr. Chairman, and members of the committee, Colonel Joy, Colonel Mittemeyer and I will be pleased to answer your questions.

Thank you very much.

Mr. STRATTON. Thank you, Dr. Haddy. That is a very fine statement. You have certainly touched upon points that have concerned me and other members of the committee as to the impact and the gross in-

humanity, I would say, of the situation that you people are confronted with.

It never occurred to you that this University could close on a moment's notice and without discussion with the people involved; well, we are used to almost anything happening up here. But I think that this action is certainly unprecedented.

The only way that the Congress can reassert its authority, I think, is to make sure that the budget request is denied and that the funds are not denied.

Now, more than anything else, this committee is trying to build up the record so that those items that were never considered by Secretary Brown or by Mr. Flinn—namely, the impact on human beings and the impact on medical education—that they can be considered so as to persuade Congress to take the action that will continue this University.

Now, how many people are on the faculty now?

Dr. HADDY. There are 36 full-time civilian faculty members, 28 of them have doctoral degrees. This is the full-time faculty. Now, in addition, there are 40 more civilian faculty members who are part-time. They have joint appointments.

Therefore, if you consider only the civilian faculty both full-time and part-time, you are talking about 76 civilian faculty members.

It is my understanding that the medical school is paying the salaries of the 36 full-time faculty members.

Mr. STRATTON. Are the part-time people, the other members of the research team you have referred to?

Dr. HADDY. No. This might be a civilian pathologist at the Armed Services Institute of Pathology whose salary is being paid by that institution but who has an appointment at the University.

Mr. STRATTON. He would teach classes in pathology from time to time?

Dr. HADDY. Yes.

Mr. STRATTON. What about the military faculty members? This was a point I was not clear on. You have two of them along with you. What is their status?

Colonel JOY. For the full-time military faculty, if the school closes, we obviously report to our Surgeons General and they assign us.

Now, for people like Colonel Mittemeyer, who has a joint appointment, who is the chief of surgery at Walter Reed, he would stay at that position.

Mr. STRATTON. As to you, Colonel Mittemeyer, you are a part-time member of the faculty. Would that be a fair statement?

Colonel MITTEMEYER. Yes, sir.

Actually, I represent only one aspect of the entire staff from both the Navy hospital, as well as the Air Force hospital and Walter Reed, which supports the University as best we can. This has been a tremendous stimulus for us, to have the opportunity to participate in the academics. We have published papers and made exhibits and movies. We have gone to meetings. We have never really had the opportunity to be members of a true academy, so to speak, or a university program. This has been a tremendous stimulus, not only to myself and other senior officers within the Armed Forces, but also to the junior officers, those in the 10- to 15-year period that aspire to become teachers. They aspire toward a career in military medicine. The loss of the University in this

regard would be a very severe blow to all of us. There are many other aspects. There is continuing education which was not mentioned much here today. But this is the new thing in medicine. It is continuing education.

Now, a University such as this would give us the opportunity to take an active part in it and we would make it more available. But funds are not available for us to participate in this type of education in the civilian sector.

I have $330 to delegate to each member in the Department of Surgery. There are 130 Army officers or physicians that fall within the purview of the Department of Surgery. Now, $330 barely buys a round-trip ticket to Chicago. It is essential that we have such a facility available to us.

The final point I would like to make, if I may take this opportunity since I am here, is this:

Mr. STRATTON. Yes, go ahead.

Colonel MITTEMEYER. I think Mr. Treen had asked a question which was, how does the student from the University program compare to the scholarship student. They are both good men. I think you have to say they are motivated. I think the University student would be more motivated. To put it into a more realistic example, since the other cannot be compared yet. But our training program there is the Chief of Urological Surgery at Walter Reed and within the program we have residents. These residents, they are students in a specialty. Some of these men are Military Academy graduates. They are men that went to West Point; they went out and served as combat infantrymen or lieutenants. They went on to medical school. They have the military corps and the drive. When I compare these men man for man to those coming out of excellent civilian universities—and many of them are brilliant—but there is the instilled desire, that career motivation which we don't find in the other men. It is a pity because we lose most of these men back to the civilian world. It is not a loss to the civilians, but a significant loss to us in the military.

Thank you.

Mr. STRATTON. This is what Admiral Custis was talking about the other day in his testimony. He said there was a real need for academic opportunity that you referred to in order to keep qualified officers like yourself in the service. This is at a time when you can no doubt pick up considerably more in the way of remuneration on the outside. Now, are all of the staff at Walter Reed, for example, also part-time members of the faculty of the University; or is this by choice or by selection.

Colonel MITTEMEYER. It is done by selection.

Now Dr. Sanford and a selection committee on which one of the faculty members from Walter Reed, who is Colonel Rich, he sits there and the selection committee looks at the curriculum of the various chiefs of the services, such as the Department of Pediatrics, or Psychology or Surgery.

Now, selected individuals that have an interest in teaching—and I would say that all of the chiefs and assistant chiefs at the major medical institutions are in fact teachers at heart. That is what we do day to day. We teach the residents and the students from various

civilian universities, such as Georgetown and George Washington, and Howard University to some extent.

These men, they are chosen on the basis of their academic background and their tenure as military teachers, to act as a guest or a visiting faculty member.

Mr. STRATTON. You would perform your duties by teaching some class at the University which at the moment is located on the Walter Reed campus?

Colonel MITTEMEYER. Yes.

Mr. STRATTON. This would presumably give the students the opportunity to witness operations being performed at Walter Reed Hospital and Walter Reed would operate as a kind of teaching hospital?

Colonel MITTEMEYER. Yes. The plan is to have the students rotate through the three service hospitals, not just Walter Reed.

At present, this is limited to the basic sciences. Several members from the Department of Surgery and Medicine and others have also lectured specifically in anatomy and physiology to some extent.

Frankly, we couldn't wait until we had the opportunity to have the young men and women come into our surgical and medical clinics and have them participate on a day-to-day basis, in the affairs of our medical practice.

Mr. STRATTON. You are not getting any additional salary as a result of your affiliation with the school, are you?

Colonel MITTEMEYER. No sir.

Mr. STRATTON. The University is picking you up free?

Colonel MITTEMEYER. It is a pleasure to do so, sir.

Mr. STRATTON. We have heard of the tremendous cost that the University is incurring to the taxpayers. This is one that works the other way around.

Colonel MITTEMEYER. There is no doubt about it. It is a great experience for us. I think teachers in general, even in the civilian world, are not compensated financially on an equal basis to those in private practice. This sort of goes back to the university student who we look to as the future teachers or future leaders. We look for men with a degree and a desire for professionalism. This is essential toward military service and specifically military medicine. These men, I think, would have the esprit de corps that we need; that it would be catching; it would be something that the average doctor that comes into the service is green behind the ears. I came in on a 2-year basis. I was motivated by the physicians and the infantry officers that got me interested in the military careers. We need men that are military motivated, that breed, and want a degree of professionalism.

There is also medicine that is not always found in a man that is not familiar with a military setup.

Mr. STRATTON. How many military faculty members do we have? Did you give the figure?

Dr. HADDY. There are 18 full-time military faculty members. All at the doctor level.

Mr. STRATTON. Such as Colonel Joy?

Dr. HADDY. Yes, there are 185 part-time ones with joint appointments. All three of these have doctoral degrees. He would be an example of such a person.

Mr. TREEN. Is that in addition to the 36 and the 40 figure?

Dr. HADDY. Yes, there are 36 full-time civilians.

Mr. TREEN. Thank you.

Dr. HADDY. There are 40 part-time civilians?

Mr. TREEN. What about the full-time military?

Dr. HADDY. Eighteen, and 185 part-time military.

Mr. STRATTON. The full-time military, in a sense, are also not a charge against the school? They would be performing activities in the armed services somewhere else if the school were not there?

Colonel JOY. That is true.

Dr. HADDY. Yes.

Mr. TREEN. Wouldn't that be reflected in the GAO studies?

Mr. STRATTON. I think it would. The 185 part-time ones would represent a real steal. I don't know what the charges are for the part-time members of civilian medical faculties. Is there anything that would duplicate it in the civilian schools?

Dr. HADDY. That might be the person in private practice that is donating his services for teaching 1 or 2 hours a week.

Mr. STRATTON. Thank you.

Now, let me just say this: We are worrying about the bell ringing, and I'm glad it has held off; but we may be interrupted. What has been the impact, Dr. Haddy, on these individuals that have given up jobs elsewhere—like yourself—and have come here and are now confronted with the possibility of the school closing? I would imagine this announcement has been pretty disruptive all by itself, hasn't it?

Dr. HADDY. It has been disruptive in two ways: It has caused panic in the full-time civilian faculty area. Those people are carefully examining their options. Some of them are interviewing at other institutions. Now, I think what this has done to our recruiting program is bad. I surveyed the other departments yesterday, and the chairman of pharmacology is just forming his department. He had six faculty members come in this summer; three of them have already reopened negotiations with other institutions. They will almost certainly take other positions if our particular fate is not resolved quickly.

He also had two resignations, a technician and a postdoctoral fellow.

Now, the chairman of microbiology, Dr. Holmes, formed his department, and he recruited a very valuable person for July 1. This person has taken another position. He points out that he will lose a year in recruiting. No one will now, at this moment, make a commitment. He teaches his course next year. He is going to have to restructure the course and teach it with—because rather than having seven persons as planned, he will have two. He said the damage is enormous, that it will have repercussions for several years. This is in the area of recruiting.

Now, the chairman of biochemistry had already recruited his first-year faculty, and a postdoctoral fellow scheduled to come this summer has aborted. He pointed out recruiting will be difficult for 2 years. The potential faculty members will not believe in the security of the institution until this is more clear. That is the way it is.

Now, those susceptible to the fear will not come. I think it is very important to resolve this problem quickly and well into the future.

All of us are used to negotiating each year for a budget, but we can't operate if we negotiate for our existence each year.

Mr. STRATTON. This is apparently an example of what we have heard a lot about as to the zero-based budget. I'm not sure it's a very good idea.

You have made a very good point, Doctor. It is one that I had not thought of; that is the recruiting problem, that it is not simply a matter of recruiting students but of recruiting faculty as well. Therefore, it is obvious we have to act as quickly as we possibly can to try to minimize the damage that has been done.

Have you any questions, Mr. Treen or Mr. Beard? What about you, Mr. Beard?

Mr. BEARD. No questions, thank you.

I think your point is well taken.

Mr. DAVIS. I would like to ask one question:

What kind of terms of employment on a contractual basis do you have, or how do you secure faculty? How did you come in? Was it a single, year-by-year renewal contract negotiable every year or a 5-year contract? You said some moved into tenured positions or tenured track positions. Exactly what is the situation?

Dr. HADDY. In most universities you will find there are two types of positions, the tenured track position and temporary. The tenured track leads to the tenure. If you get an M.D. degree and if you are appointed as assistant professor of medicine, you would be in a tenured track position for tenure after that; if everything went well, and you like the school and it liked you, you would be eligible for the tenure position.

Now, this is in contrast to the temporary position which is a year-to-year appointment, which we give.

Mr. DAVIS. What about the faculty here? You have 36 full-time civilians. What was their employment? Was it 1 year, or 2 years, or 5 years? What was their agreement on the contract when they came to the University?

Dr. HADDY. They made the same agreement as at any other university. The agreement is to be employed. I came as a professor with tenure. It means that——

Mr. DAVIS. You signed a 1-year contract?

Dr. HADDY. I didn't sign anything.

Mr. DAVIS. What I'm looking at is the possible cause—or ramifications to the Federal Government that the faculty might have as to any legal means if we close the University.

Dr. HADDY. We are getting into an area—well, it is an area where I think there are others here that have more knowledge. Perhaps Dr. Sanford could comment.

Mr. DAVIS. What is your position as to this, as to whether or not you have legal ramifications against the Federal Government if the University was separated, or severed, or closed?

Dr. HADDY. If the University is abolished, I do not then have a position, but as long as the University is operating and as long as I do my job, I have a position.

Mr. DAVIS. But there is no moral or legal obligation to the faculty from the Federal Government? When you talk about recruiting, these men came of their own volition and it could be a 1-year system or a 1-year employment?

Dr. HADDY. But a tenured track professor doesn't understand it. He thinks tenure means he has the right to teach. He has the position as long as he wants to stay.

Mr. DAVIS. But he could give it up and move and take the risk?

Dr. HADDY. Yes.

Mr. STRATTON. The tenure represents a kind of guarantee?

Mr. DAVIS. It is guaranteed employment for as long as the institution is there. They might have hoped to have 5- or 10-year contracts.

Mr. STRATTON. Well, in the academic world—it's even better than it. I don't want to scare up any business for you but I think you are making a point about it.

Mr. DAVIS. If we can get professional pay in the military——

Mr. STRATTON. Excuse me.

Tenure represents a substantial financial interest, I would think.

Dr. HADDY. Obviously you have to do your job.

Mr. STRATTON. You have to behave yourself.

Mr. DAVIS. There is no obligation on the Government past the 1 year? That is what I'm asking.

Dr. HADDY. I don't know what it is.

Mr. DAVIS. You are talking about the professional faculty; it is almost unconscionable to get rid of these people after enticing them to work for the Federal Government.

I am referring to the type of security you had when you took your job, besides the academic term of tenure.

Dr. HADDY. I understood I would have a position as long as the University remained here, as long as I did my job.

I never thought about the possibility that the University would not exist. Therefore, I can't answer your question. I really don't know how to respond.

Mr. STRATTON. I think that Dean Sanford could comment on it.

Dr. SANFORD. The tenure contract that Dr. Haddy and other members signed, it states that an individual will have tenure and the cause for termination of the tenure, well, it could be terminated for cause, which would be moral or it could be terminated in the event of fiscal exigency or whether this involves the University or the Department of Defense or the Federal Government. This is an area that has not been defined. There is some precedent that states that in other institutions that if an individual with tenure is terminated, that the individual receive severance pay usually for 3 years at the current level. We have of the civilian faculty 11 individuals who are currently—or that hold tenure.

Mr. DAVIS. What about the other 29? What is their situation? You have a guaranteed 4-year contract, what about the tenured track?

Dr. SANFORD. The tenure track people are essentially—well, they have an implication and several of those would have come up for tenure within the upcoming months. These individuals, well, the precedent is that an individual that has been with the institution for 12 or more months would receive a 12-month salary severance. These are the procedures which have been in effect in the academic world with the Association of University Professors.

Mr. DAVIS. That would lie with the Government, the cost of this, in the academic tradition? We are not talking about immediate replacement. In your case, they have 3 years' salary to find replacement, the other is 12 months' salary?

Dr. SANFORD. I believe that is correct. That does not consider the question of litigation.

Mr. DAVIS. And you do not recoup the tenure that you lost. Thank you.

Mr. TREEN. Now, Doctor, what will be the level of the faculty when the University is fully operational, when you have a full-year—or classes at 4 years and up to the numbers that you expect?

Dr. HADDY. I am only vaguely aware of the figures. I would be happy to get the total figures and insert them into the record.

Perhaps Dr. Sanford has the figures.

Dr. SANFORD. Yes.

Mr. TREEN. I am interested in a comparison with the civilian university in terms of faculty.

Dr. SANFORD. I could provide both. I came here from the University of Texas Southwestern Medical School where I have been for 18 years. We project and this begins at the lowest faculty level, at the laboratory assistant level. But there is a total faculty—or we project a total strength of 354 in fiscal year 1982.

Actually, among the faculty we project approximately 140 to 150. There are approximately 10 faculty members that are projected for each of our departments. Now, this is smaller than the number in most civilian medical schools. It is smaller because we are able to draw upon individuals such as Colonel Mittemeyer, who is willing essentially on this time to devote his efforts on our behalf. We appear to have, in terms of total appointments, a large number in terms of salary—well, as to salaried individuals it is a small number. When you put the student stipends into it, the cost is kept below the national median. This is because we have a large number of dedicated volunteer faculty upon whom we can call.

Mr. TREEN. I would be interested in breaking it down as to part-time, full-time and military and civilian.

Now, as best you can, I would like a comparison with the typical civilian university.

Now, most civilian medical universities do have part-time faculties, or a large number of them.

Dr. SANFORD. I can speak for the department of medicine in Dallas. We have some 60 full-time faculty members, and in a single department 240 part-time faculty members.

Historically these individuals receive no remuneration.

In recent years there has been a question as to whether or not the part-time faculty people should not receive remuneration through various Federal programs.

Mr. TREEN. What was the student load at Dallas?

Dr. SANFORD. At that time 100 per class. It increased to 150 per class. The student load was smaller than what is projected at this institution.

Mr. TREEN. What is the student load projected at the University; is it 175 per class?

Dr. SANFORD. Yes.

Mr. TREEN. And 700 all together?

Dr. SANFORD. Yes. It would be reached in the fall of 1981.

Mr. TREEN. When we initially saw the figures, 279 people on the faculty for 32 students, it looks rough. I understand you are starting

off, but do you expect the faculty-to-student ratio will compare favorably with a typical civilian university?

Dr. SANFORD. We will end up with a student-faculty ratio—well, because of salaried individuals we will have fewer paid faculty per student than in the civilian institutions. We are going to draw heavily upon the resources in the area.

It is important to recognize in civilian medical schools, in the basic science departments, there are no resources to draw from. You cannot find a pharmacologist or physiologist in most of the civilian communities who would volunteer. We have such individuals at the research institutes and at the NIH who expressed a great deal of interest and willingness to participate.

Mr. TREEN. I think that is the most important point.

Now, let me ask Colonel Mittemeyer this. You touched on something that hadn't occurred to me before when you talked about the esprit de corps, that this academy would breed into the existing doctors in the service such as you and others. Is there a possibility that doctors that come into the service through our other programs might get a tour of duty at this institution for the purpose of teaching? If so, would that be perhaps a tour that the military doctors would want to have, or that it would be desirable to the other academies, a tour at Colorado Springs or Annapolis or West Point is regarded quite highly by military people. I am wondering if that is a career incentive to other doctors to know they have the chance to be on the faculty from time to time.

Colonel MITTEMEYER. There is no doubt that that would be true. That is one of the strongest points that I would like to reiterate on behalf of such a university. It is something which even the students themselves would aspire to.

The charge is at times made that the student coming up through such a university would in fact—well, those that are not West Point graduates, we always talk about ringknockers. I think all of us today come from civilian medical institutions. None of us are from a university, so to speak, because there has been none before. I feel to have these men come up among us would be an aspiration, that would also be an encouragement for students coming in for the scholarship programs. The students coming up from the University would not in fact predominate, they would not be the mass of physicians within the military.

Now, maybe looking way ahead they might. But certainly for the foreseeable future that would not be the case.

Mr. TREEN. My point was directed to doctors who don't come up through the University program that had a chance to be on the faculty of the University; would that be a career incentive?

Colonel MITTEMEYER. Yes.

Mr. TREEN. Do you concur in that?

Dr. HADDY. I do.

Mr. TREEN. Would you expect to have a turnover of the military full- or part-time people or faculty members?

Dr. HADDY. Could you repeat that?

Mr. TREEN. I'm talking about bringing people on to the faculty. He is a doctor that came through the scholarship program. He has not

completed his obligation. He may get out. Maybe he is qualified to be a teacher. Maybe he begins to get a little inspired. Do we have a possible benefit there, to inspire other doctors by giving them a chance to be on the faculty?

Colonel MITTEMEYER. May I comment on that?

Mr. TREEN. Yes.

Colonel MITTEMEYER. Normally, the assignments of the teaching chiefs and assistant chiefs at the teaching hospital are not short term. We try to have them for a minimum of 4 years. This is the policy. It can change depending on national emergency situations. Then to bring in junior staff men into the Walter Reed or Bethesda complexes, this would be a tremendous career incentive.

We recently brought a man that trained at the University of California, and when this man found out he could come to Walter Reed, he wanted to stay in the service with the idea that he, too, may be able to contribute toward the medical university.

It would be a very definite career incentive.

Mr. TREEN. There is one other area. I asked another witness from the administration this question about the kind of training that doctors would get at the University; that is the training in the type of wounds and diseases more prevalent among the military. I think that is a very important point. He indicated that we will give them the academic training. They will get it in the civilian training. Then in the residence period we can send them to Tulane University for tropical medicine or somewhere else to get the kind of study that you are talking about.

Now, in your discussion on pages 2 and 3 of the curriculum, you are talking about during the 4-year academic curriculum, to get this type of training.

Dr. HADDY. Yes.

Mr. TREEN. What do you say in response to the fact—well, there used to be internship and residency, or the training after the academic that is called residency?

Dr. HADDY. Yes.

Mr. TREEN. During that residency period, the doctors come up through the program and pick up the things you are talking about, such as tropical parasitic diseases and so forth, and all of the things you referred to?

Dr. HADDY. This is Colonel Joy's area.

Colonel JOY. The scholarship student coming on active duty and only half of them will for internship and residency——

Mr. TREEN. Let me interrupt. Why is that?

Colonel JOY. Because there are not enough residency spaces.

Now, those 50 percent will get absolutely first-class internships and residencies in regular medicine. They will not get specialized training in military medicine. There is not time for it. They have to learn how to be good internists and surgeons.

Mr. TREEN. You will probably have time in the University curriculum?

Colonel JOY. We have 6 extra months. We have an 11-month school. They get just 30 days of leave a year, 2 weeks at Christmas and 2 weeks in the summer.

Now, our program—and I know members of the committee and the chairman are anxious to leave—but I could outline it in brief detail. But I won't volunteer it because of the time.

Mr. TREEN. Are you saying during the training period for doctors who take training in the military, they wouldn't be able to get all of the military-related medical specialties?

Colonel JOY. I will go out on a limb and say the internships and residencies in good teaching hospitals and in the military—well, they will get nothing almost as to what we teach our students in the military. Now, that is a flat statement. I could document it.

Mr. TREEN. I think that would be helpful if you could. I think that issue will come up on the floor of the Congress.

Colonel JOY. In the first year alone the students are getting every Friday afternoon lectures in military medicine that cover the organization, structure, and function of the military departments and medical departments.

I might say the lectures on organization of the department, of the medical departments are by the Surgeons General. The students are getting exposure to present practitioners of military medicine, such as aviation, and they talk about what it is a doctor does with his patient in the environment called a tent or a deck of a destroyer. They get many hours of education in medical defense against special weapons of war, such as chemical, biological, and nuclear war. The Armed Forces Radiobiology Research Institute provides a 10-man faculty to give 10 hours of instruction on mass casualties and about patients hit by the atomic weapons and the blast. They get a good number of hours and lectures on what happens to ordinary people when they join the military and what does the military do. They get lectures on combat psychiatry, on the physical standards system in the military. And that is one course.

They will have over 30 hours of military applied physiology. That is a joint course my department teaches. No civilian school teaches the first course. The course I am about to describe, no civilian school teaches—we give them 30 hours, using military and civilian senior scientists from Department of Defense laboratories on heat exhaustion, frost bite, altitude sickness, decompression system, translocation—which means jet lag—if you are in the C–5A and you are on your way to wherever the President and the Congress decides you go—seasickness, there are noise problems—which are pretty bad in the service—these are taught from the basic and applied levels.

Now, Dr. Haddy and I lecture on the course. We are from that professional background. Most of the lectures, or the people doing this are leading the research efforts in the service.

Mr. TREEN. Are you saying heat exhaustion syndrome is not taught in civilian schools?

Colonel JOY. I went to a civilian medical school. Nobody told me about it.

Dr. HADDY. The emphasis is different.

Mr. TREEN. I understand that, but the point the other witnesses made was that all of this could be learned elsewhere. I think you have said enough to satisfy me.

Thank you. I've taken a lot of time.

Mr. STRATTON. Thank you very much. I want to thank you very much, Dr. Haddy and Colonel Mittemeyer and Colonel Joy. I appreciate your testimony. It has been very helpful.

I think that it will certainly be persuasive with our colleagues.

We probably will have a few more minutes before the bell rings. I think perhaps that we will now invite the students from the University who are here to testify, rather than breaking for lunch. This is so they can get back and resume their studies. I know this is what they want to do. And since we're going to keep the University going, we will need to have all of the information available for the next examination.

We have Second Lieutenant Braxton, president of the class, and Second Lieutenant Diapoulis, a student of the class.

Could you raise your right hands and be sworn.

Do you have a statement that you want to present at this time?

Lieutenant BRAXTON. Yes.

Mr. STRATTON. Proceed.

TESTIMONY OF 2D LT. MACEO BRAXTON, U.S. ARMY, PRESIDENT OF THE CLASS, AND 2D LT. MARGARET J. DIAPOULIS, U.S. AIR FORCE, STUDENT

Lieutenant BRAXTON. Mr. Chairman and members of the subcommittee, I am 2d Lt. Maceo Braxton, Jr. I am a student at the School of Medicine of the Uniformed Services University of the Health Sciences, and the elected president of its charter class.

Here with me today is 2d Lt. Margaret Diapoulis, another member of our class.

Please forgive us if we appear to be a bit nervous. We had an anatomy examination this morning, which is enough in itself to make medical students nervous, not to mention the excitement in connection with our appearance before you today. We are pleased to have the opportunity to be here as students of the University and to answer any questions you may have about student life at the University.

I would like first of all to tell you something about the 32 members of the charter class. We come from all over the country. Although we have a wide variety of backgrounds—military, geographic, social, and academic—we are united in our determination to seek and to practice excellence in the field of medicine. We are united in our commitment to careers as military physicians. We are united in our respect for each other's integrity and capability as future military physicians and in our belief in the potential of the University to give us the best possible medical training.

Why did we come to the University in the first place? One of the reasons is the active duty status of its students. This is an attraction because it relieves us of the financial burdens which can, and often do, distract medical students from their main goal of learning to be a good doctor. An equally important reason was that we knew the potential quality of education that such a medical school could offer. We knew the national reputations of Bethesda and Walter Reed and the National Institutes of Health.

It may be old fashioned for some, but service to our country is important to us. We are proud to be on active duty, learning to be officers in the military at the same time as we learn medicine.

Now that we have completed our first semester and have seen first-hand what the University has to offer, we believe that our school has not only lived up to its promises, but has exceeded our expectations. The faculty works very hard at our education and knows and cares about us as individuals. We have good equipment and laboratories. We are already seeing patients in the hospitals. We are impressed with the dedication of the doctors who are teaching us and with the hospitals we are training in. We are convinced that if our school can continue that we will be extremely well prepared to begin our careers in military medicine.

We will really know what our patients are like and what they do in the service, which will make us able to be of more help to them. We will know how the military system works and we will be able to work within that system to give our patients the best possible care. We will know how to deal with the special problems that come up in military medicine and in the military environment. Finally, as our class and the other classes go through the University and off to our services, we will be a community that will still talk to each other, that knows each other and that will be serving together for the rest of our careers. As we get older, and more senior, we believe that this will make it possible for us to work together, no matter where we are or what service we are in, to practice first-class medicine in a first-class medical care system.

We look upon the University as our medical home; the school we can come back to for continuing education; the faculty who will be coming out to us—all over the world—to teach and keep us up with medical advances; and the institution that some of us may be fortunate enough to return to for a faculty assignment as part of our career.

We already know that getting to be a doctor is hard work and that being a military doctor is even harder work. We are doing and will do everything we can to make you and the University and our services proud of us.

We are proud of our school. We hope you will keep it open.

Mr. Chairman. Lieutenant Diapoulis and I will be happy to answer your questions.

Mr. STRATTON. Thank you very much, lieutenant, for that very fine statement.

We certainly appreciate your taking the time to come down here. It is my understanding that you had been accepted at a number of medical schools other than this one.

Lieutenant BRAXTON. Yes; three medical schools throughout the country.

Mr. STRATTON. Your reasons for choosing this school were the ones you have indicated in your statement, that not only the fact that you are relieved of some of the financial burdens, but also the opportunity for a career in the armed services?

Lieutenant BRAXTON. Yes, sir; that is the case. I could expound on it. I had an obligation to the service already. I went to the U.S. Military Academy at West Point. While at the Academy I considered medicine. My purpose for going there was to consider the military. I had initial orientation in this direction. When I got in the military I enjoyed the years I spent there. I was 2 years as an artillery man. I chose to pursue the military career, to pursue it.

I would like to say that I have an initial investment in the armed services. Actually, my father was a doctor, he could have sent me to a medical school where I could have accepted a scholarship. I chose this school because I saw the potential that the school would have.

As I said, I have the investment in the military. I figured I might as well start out.

Mr. STRATTON. Do you want to add anything on your own experience, Lieutenant Diapoulis, as to the school?

Lieutenant DIAPOULIS. As to my reasons for being interested in the first place?

Mr. STRATTON. Yes.

Lieutenant DIAPOULIS. I have been interested in a career in medicine for quite a long time. It is important to us to notice that Lieutenant Braxton and I come from different backgrounds as to our previous military experience. He came from West Point. He was always interested in a military career. I was a civilian from the beginning. I spent several years working for the Government in Washington but never was connected with the military directly. I decided to pursue a career in medicine. I inquired into the various programs available. I was very much attracted to the University because I evaluated what it offered. I thought the training program that would be available because of its affiliation with Walter Reed and Bethesda Naval Hospital and NIH and other facilities would make it an excellent institution from the beginning.

The idea that I wouldn't have to face the financial agonies of being in debt for the foreseeable future and I felt I would have to pay the debts off and I would have to enter a fairly lucrative field of medicine in order just to be able to repay the debts. This meant it was an extra attraction to me. I was not motivated by the fact that the school has a salary. That meant financial matters did not have to concern me, that is as far as what school I might have to attend or what specialty or field I might have to enter later on. I thought this would be an excellent place to start.

The attractions of the school drew me to the military service. Since I have been at the school, and in deciding whether to attend the University, I looked into the various aspects of military medicine. I decided it would be a rewarding career. I am very committed to a career in military medicine. It was the school that attracted me to the career and not the background, as the lieutenant has.

Mr. STRATTON. Did you consider one of the scholarship programs as an alternative to the school?

Lieutenant DIAPOULIS. Yes; but this school had so much going for it. There is the opportunity to participate as a member of the class in a place where I am familiar, such as Washington. I know of the assets here in the city. It seemed a better proposition than attending school any place else.

Mr. STRATTON. What has happened to the members of the class as a result of the recommendation from the Secretary of Defense?

Could you both give us a little insight on it.

Lieutenant BRAXTON. I come in contact with the students every day, all 32 of them. When we first got the news, it was very much a surprise. It was 7:30 in the morning. We are there in class ready to go. Dean Sanford gave us the news. It was a surprise to him, because the school had been recommended for termination. Now, that day our concentra-

tion or attempts to learn medicine were very much disrupted. It existed for about a week or so.

That still hangs above us, such as the "Sword of Damocles."

We decided to go ahead and go about our business. We will continue to learn medicine. That is the reason we are here. We hope our school will stay open. We have made an investment there.

Mr. STRATTON. Where did you learn about this? Did the Secretary of Defense call you up and ask what you thought about it?

Lieutenant BRAXTON. No, sir. I wish he had.

Mr. BEARD. Are you planning to make up the week that was mentioned? Since I go out to Bethesda now and then, I wanted to know that.

Lieutenant BRAXTON. Yes.

Mr. STRATTON. You heard about it in the newspapers?

Lieutenant BRAXTON. We learned about it the day after. It was by Dr. Sanford. I think it was that day that we had news reporters that told us. One of the reporters from Station WRC filled us in on it, on what had transpired.

Mr. STRATTON. What about you, Dr. Haddy, did the faculty learn about it through channels or did you read about it in the paper?

Dr. HADDY. I was called up Monday evening by Dean Sanford. I passed the word on to my faculty members the next day.

Mr. STRATTON. Where did you get the word, Dr. Sanford?

Dr. SANFORD. On Monday, February 21, at approximately 3:25 p.m., I received a phone call at home from the Washington Star I was asked if I had any comment. I said, comment on what? He said, don't you know? I said, what? He said, I have just left a press conference with Secretary Brown. Your budget has been terminated or is deleted from the fiscal year 1978 budget, and what do you think about it?

I said, it takes me by great surprise. I better think about it before I make any comment. I then spent the evening calling my department chairmen. I met at 7:30 the following morning, knowing the press release was not to be released until 10 a.m. I met with students, I told them at 7:30 so they could hear it from me rather than the press.

Mr. STRATTON. There was no prior consultation or attempt to assess what might be the impact? Your first call was from a newspaper reporter?

Dr. SANFORD. That is right. I knew from Mr. Packard's visit with the Secretary it was under consideration. But that was my only information.

Mr. STRATTON. Thank you.

Dr. HADDY. Yes.

Mr. STRATTON. Have you any further questions?

Mr. BEARD I hope this is stabilized so you can spend 150 percent of your time dealing with textbooks. I think that this has made an impact.

Mr. TREEN. Do I understand your testimony, Lieutenant, that, although you might not have been motivated to make the military your career that you now are so motivated?

Lieutenant DIAPOULIS. Yes.

Mr. TREEN. Where are you housed; are you housed on the grounds of Walter Reed, or in different places?

Lieutenant BRAXTON. We live in apartments in the District of Columbia area.

Mr. TREEN. Have you opportunities for contact other than the classroom with fellow students?

Lieutenant DIAPOULIS. We are good friends. We avail ourselves for contact with each other.

Mr. TREEN. Can you give this committee an estimate of the attitude of the other 30 students with respect to making the military their full career?

I want a candid answer. It is an important area.

Lieutenant DIAPOULIS. I know of no one in the class who does not have the full intention of staying on for a career in the military.

Mr. TREEN. Beyond the obligation, a full career?

Lieutenant DIAPOULIS. Yes.

Lieutenant BRAXTON. From my standpoint, you almost have to make the commitment before coming here. Now, 7 years is a big chunk of your life. We are talking about 16 years actually all together, which is the average. It is a big chunk of your life. You want to have direction.

I think we have all established that direction by coming to this school. We were carefully screened before we got there. The idea was to pick the people that were sincerely motivated and had the ability to be good military physicians. Therefore, in talking to the students, I know, as the lieutenant has said, of no student that does not plan to make it a career.

Mr. TREEN. The experience has not been degrading insofar as motivation is concerned?

Lieutenant BRAXTON. As to the knowledge of the school?

Mr. TREEN. Up to that time is what I mean.

Lieutenant BRAXTON. No, sir.

Lieutenant DIAPOULIS. Quite to the contrary.

Now, I had decided before I came to the University that I would probably go on for a military career, because if you have a 7-year obligation and spent 4 years at a military university, you have, say, a residency program of 2 to 3 years and an added-on obligation. You are probably talking about 12 years in the military. And not all of the time is counted toward retirement. When you put that big commitment into it, you don't think of just paying back an obligation, but in terms of getting the most out of the time in having a career you have built up in the system.

Before I came to the University, I thought I would probably take the course. Now, depending on whether the University turned out to fulfill my expectations; well, I had to consider this. I have received nothing but positive feedback toward this original assessment. It is an excellent University. It has an excellent faculty. The people we deal with on a day-to-day basis are dedicated and quite competent.

Mr. TREEN. Are your views generally viewed by the rest of your classmates?

Lieutenant BRAXTON. Yes.

Mr. STRATTON. Thank you very much. I thank both of you for appearing. We hope your anatomy exam goes well.

We certainly will try to make sure that this University continues. Thanks a lot for coming.

We have a quorum call, therefore, the committee will recess until 2:30 p.m.

Then we will hear from our remaining witnesses, which would be the Surgeons General, Admiral Marschall, and Dr. Smith, who is the Assistant Secretary for Health Affairs, and there will be others.

[Whereupon, at 1:10 p.m., the committee adjourned, to reconvene at 2:30 p.m.]

AFTERNOON SESSION

Mr. STRATTON. The subcommittee will come to order. At this point our next witnesses will be Lt. Gen. R. R. Taylor, Surgeon General of th Army, Vice Adm. W. P. Arentzen, Surgeon General of the Navy, and Maj. Gen. Garth B. Dettinger, Deputy Surgeon General of the Air Force. Perhaps all three of you could come forward and carrying out our practice, would you please raise your right hand?

[Witnesses duly sworn.]

Mr. STRATTON. Please be seated. I think perhaps in the interest of time I might ask some of these questions in a general way and then try to get answers from each of the three services.

First of all, at the time that this legislation was under consideration in the Congress and at the time that we were moving toward its approval, did your particular service or did the Surgeon General of your service at that time support the idea of the creation of a Uniformed Services University of the Health Sciences?

TESTIMONY OF LT. GEN. R. R. TAYLOR, SURGEON GENERAL, DEPARTMENT OF THE ARMY; VICE ADM. W. P. ARENTZEN, SURGEON GENERAL, DEPARTMENT OF THE NAVY, ACCOMPANIED BY REAR ADM. J. WILLIAM COX; AND MAJ. GEN. GARTH B. DETTINGER, DEPUTY SURGEON GENERAL, DEPARTMENT OF THE AIR FORCE

General TAYLOR. Yes, sir, during the earlier years there was a great deal of discussion of the nature of what the University or Academy was going to be. But in the 1969–71 time frame, the concept jelled and the Surgeon General of the Army strongly supported it and I believe that he testified before Congress to that effect.

General DETTINGER. I can say the same of Gen. Robert A. Patterson. He strongly supported this.

Mr. STRATTON. Thank you. Was the reason for that support, if you know or recall, because you felt it would be helpful in attracting and retaining qualified medical officers in the armed services?

General TAYLOR. Mr. Chairman, in 1971–72 time frame, the military departments were doing the planning needed to enter an all volunteer force era. We had been with the draft, in one form or another, since 1941 and, if we were short, physicians were drafted to meet our needs.

As part of the program to obtain and retain a medical force capable of supporting the national defense decisions of our country, in addition to the scholarship program, the University of Health Sciences was formulated. The planning for needed incentive pay began, the military construction program for medical and dental facilities was and accelerated, the training of physicians assistants was planned to start alleviating some of the major problems.

Those were all part of one package.

Mr. STRATTON. How about the Air Force?

General DETTINGER. I was at that time in the Military Personnel Center as a surgeon and there was no question that we saw with the end of the draft we had to have some help. The revitalization act came

along and we counted on both the Health Professions Scholarship Program and the University.

I should say this and I really feel this right now. The former has lost much of its attractiveness. So it is less supportive of our total needs than it was even then and we needed the University then.

Mr. STRATTON. You are saying that the scholarship program is less supportive of your needs today?

General DETTINGER. Yes, it is.

Mr. STRATTON. That it was then?

General DETTINGER. Yes, it is.

Mr. STRATTON. What about the Navy?

Admiral ARENTZEN. Our answer is the same as the Air Force, Mr. Chairman, we feel that the scholarship program has lost its attractiveness with the passage of the new law.

Mr. STRATTON. I am talking in terms of the position of the Navy at the time this went through. Your position was that this would be helpful in attracting and retaining qualified medical officers?

Admiral ARENTZEN. Yes, sir.

Mr. STRATTON. Now when the decision was made by the Secretary of Defense to terminate this program in midstream, were any of you, or was anybody in your office, contacted by the Secretary's office to try to get the picture before the decision was made?

Admiral ARENTZEN. No, sir; not in the Navy.

General TAYLOR. Not in the Army.

General DETTINGER. Not in the Air Force, sir.

Mr. STRATTON. With respect to the situation as it exists today, what has been the impact of the Berry plan and what do you anticipate to be the result when the Berry plan comes to an end, that is, in terms of attracting and especially retaining medical officers?

General TAYLOR. Mr. Chairman, I would speak for the Army. On June 30, 1973, when we entered the all volunteer force period, the Army had about 2,900 Army Berry planners with military obligations. Needless to say when the draft ended, there was no further coercion or attraction, depending on how you want to look at it, for physicians to enter that plan.

We have been able to maintain our physician strength fairly well from 1973 until last summer when the supply of Berry plan deferred physicians began to become exhausted.

We are now at a time where the Berry plan accessions are very rapidly decreasing. In the packets that are in front of you, there is one called the Army Medical Physician Shortage. On page 2 there is a visual display from 1976 through the next several years.

TABLE 3.—MEDICAL CORPS ACCESSIONS BY PROCUREMENT PROGRAM, FISCAL YEAR 1976-83

	1976[1]	1976Q[1]	1977	1978	1979	1980	1981	1982	1983
Health professional scholarship program	113	286	296	509	452	452	515	493	470
Berry plan	584	371	141	59	13	4			
Other subsidized programs	112	2	41	18	10	9	7		
Early commissioning ROTC	77	15	50	33	46	39	36	41	41
USUHS						[2]12			
Total	886	674	528	619	521	516	598	534	511

[1] Actual accessions.
[2] USUHS closure requires the transfer of 12 students to other programs

Table 3 shows that Berry planners drop from 584 accessions in fiscal year 1976, to 371 in the TT period, to 141 this summer, and then they drop to small numbers. The number of physicians out in this period are people that have had longer types of residency training.

Health professional scholarship program physicians have been building up and will continue to build up through this period. There are a few other people either through active duty scholarship or through early commissioning programs that have obligations.

But as you can see for at least—up until 1980 if not longer, we have a problem in matching what our needs are because these accession programs are not synchronized.

In addition, the efforts of this subcommittee concerning the Berry plan problem on the variable incentive pay, that has been a source of a great deal of burden to the Perry planners in their feeling of that not having been very even, to say nothing of it being 3 or 4 years after the draft. They considered that they are volunteers and others believe that they are kind of coerced volunteers, a residual of the doctor draft. The net effect, however, is that that group of physicians believes that has been disenfranchised.

They are not extending beyond their 2-year obligation in any significant numbers. It was our hope, as I previously testified before this committee, that we would be able to increase retention in this group, a fairly large group who were on active duty. We knew which of them were able and which were not and we knew which ones, if extended, could contribute in the career force.

Mr. STRATTON. I remember that. Of course we got the legislation out of our committee but it did not get by the House. You are quite right that although probably technically they have no complaint, they had successfully evaded the draft. But we had an opportunity at least to keep some of them in beyond their obligated service and by not giving them the bonus, we destroyed that completely.

By 1980 the Berry plan will be out entirely and then you are going to have to rely on the health scholarship program. Is that correct?

General TAYLOR. On the health scholarship program primarily and from unobligated walk-in volunteers. I would like to refer to two papers. There is another paper titled "The Military Physician Requirements and Authorizations," which describes how we determine what requirements are and what authorizations are and what our best estimate of actual strength is at this time.

TABLE 1.—PHYSICIAN REQUIREMENTS SHORTFALLS

	Fiscal year—		
	1976	1977	1978
Requirements:			
Optimum levels	5,273	5,273	5,273
Austere (constrained) levels [1]	4,814	4,814	4,814
Authorizations	4,473	4,200 [2]	4,[illegible]
Authorization shortfalls:			
From optimum level	−800	−1,073	−734
From austere level	−341	−614	−275
Expected end strengths	4,398	4,043	4,009
End strength shortfalls:			
From optimum level	−875	−1,230	−1,264
From austere level	−416	−771	−805

[1] Constrained to Army officer strength ceilings.
[2] Army budgeted end strength reduced from 4,738 to 4,200, reflecting the expected shortfall of physicians in 1977.

On table 1, titled, "physician requirement shortfalls," the requirement is set at the military readiness level. That level is a slightly constrained force for the Army to support military operations for a nonmobilization war plan.

Under the current restraints of active army officer strength there is a second level called the austere or constrained requirement. That is 4811. This means that you take some risk early before you can reinforce and provide adequate medical support to soldiers in the field.

Authorizations are a different category. These are adjusted from time to time by the military departments related to other things going on such as to inability to fill the number of spaces that are authorized. Authorizations are somewhat unstable.

You will see that in the 1977 column where it shows the authorization for physicians dropping to 4,200. Those authorizations were adjusted down last month from 4,738 to 4,200 because our projection says we will now fill about 4,200 this fiscal year.

Mr. STRATTON. In other words, according to this footnote here, B, it looks as though what you are saying is that you have reduced your authorization to 4,200 because that is all you can get and, therefore, the authorization was brought down to what you could get rather than admitting that you had a shortfall.

General TAYLOR. When you drop the water in the stream you lower the bridge to make sure they are always the right distance apart.

[Laughter.]

General TAYLOR. On the next line expected end strengths are shown. In fiscal year 1976, 4,398 was the actual strength. For fiscal year 1977, 4,043 is our best strength estimate. In fiscal year 1978, 4,009 is our strength estimate. On the next two lines, comparisons are shown between medical readiness requirements, as described above and expected strengths. These show that the Army fiscal year 1977 medical corps shortfall is 1,230 with the problem becoming slightly worse in fiscal year 1978.

If you use the constrained force requirement there is a shortage of 771 doctors this fiscal year and getting somewhat worse the following year.

Mr. STRATTON. And the only way that you could meet that shortfall of 771 would be to go out and hire doctors on the street, right?

General TAYLOR. I can hire doctors off the street in competition with all my friends. I could have sufficient retention programs so that doctors wanted to stay in the Army because they saw that the quality and the teaching opportunities and the environment were something that they would identify with for a long period.

There is much more than can and needs to be done on retention than having to acquire new people all the time. The environment is very critical. I want to describe that environment because the doctors in the Army at the moment are restive in a way that I have not heard in the last 30 years.

They are restive because the ground rules seem to be changing all the time, usually right after they have signed their contracts, creating a credibility problem. The uncertainties that you know about on the implementation of the variable incentive pay program from 1974; the uncertainties about whether the special pay programs are going to be extended; and the uncertainties about whether the residency

training programs with which they identify are going to be continued. They are concerned about Fitzsimons and Brooke and other major teaching hospitals being considered for closure as economic measures. This kind of information does get down rapidly into our medical system and it causes great uncertainty, great frustration and it creates a devilish problem on improving retention of people that identify with quality teaching programs.

That is what my problem is, sir.

Mr. STRATTON. In other words, the scholarship as it now exists from the point of view of the Army is not going to provide enough doctors to maintain the authorized strength of the Medical Corps titled "Estimated Medical Corps Volunteers Required."

TABLE 5.—ESTIMATED MEDICAL CORPS VOLUNTEERS REQUIRED, FISCAL YEARS 1976–83

	1976	1977	1978	1979	1980	1981	1982	1983
Authorized end strength	4,473	4,200	4,539	4,539	4,539	4,539	4,539	4,539
Estimated losses	1,068	1,053	903	632	661	630	694	721
Estimated gains excluding volunteers	686	528	619	521	516	558	534	511
Number of volunteers required to achieve end strength	179	357	780	641	511	283	160	210
Anticipated volunteers accessions	104	200	250	275	300	283	160	210
Shortfall	75	157	530	366	211			

[1] Original Army budgeted end strength was 4,738; true shortfall is 695.

General TAYLOR. Table 5 shows the authorized end strength numbers, the 1976 and 1977 known losses, the estimated gains from all programs excluding the volunteers, the number of volunteers that we require to achieve the end strength, not our requirement, our best estimate of anticipated volunteer accessions in the Army, and the shortfalls with all existing programs.

These are authorization comparisons, not requirements.

Mr. STRATTON. Well, you are doing all right, if I am reading the same table here, table 5?

General TAYLOR. Table 5.

Mr. STRATTON. You get yourself out to 1980 with a shortfall of 211 and suddenly everything is fine. What is going to happen between 1980 and 1981?

General TAYLOR. If you take an optimistic view concerning the number of H.R. 2 scholarship programs with their commitment who are under obligation and assume that the retention rates related to variable incentive pay stays stable, this is the most optimistic view.

Sometime around 1981, the number of physicians available will match pretty close the authorization. They will still be about 300 below the contingency requirement. Less optimistic views say that is not going to be in 1981, it is going to be sometimes after that; I am not able to see clearly that far out in the future.

Mr. STRATTON. Well, this would not be coincidental that the time when you project that you are not going to have anymore shortfall is also the time when the first students are coming out of the university, is it?

General TAYLOR. No, sir, Mr. Chairman. This is an estimate of what we would have to have in volunteers. What our best estimate is of the number of volunteers we think we can procure that are the quality we can accept——

Mr. STRATTON. It strikes me as a little surprising that your best estimate happens to be the precise number that you need. How can somebody in 1977 sit down and look in the crystal ball and say, "I am not going to get 282 doctors. I am not going to get 284 doctors; I can see it very clearly; we are going to have 283 doctors."

Now this coincidence continues through 1982 and 1983. It looks to me as though somebody told you that you cannot submit to this committee a figure that suggests any problem after the year 1980.

General TAYLOR. I will be glad to discuss that in detail. There is no such guidance. The last line on that table is shortfall. That is our anticipated inability to meet our authorized strength. To the extent that column shows 75, 157, 530 and so forth, shortfall, if it is not met in any way, it just adds to the shortage in the next year.

And it will aggregate across that chart if in any year that shortfall is not met.

Mr. STRATTON. We can move all these figures over then?

General TAYLOR. If we don't get the 157 in fiscal year 1977 and we currently have 27 of them procured in the first 6 months, any that we don't get will just be moved over to be added to the next year's column. So this will ripple clear across to the extent there is shortfall.

Mr. STRATTON. Mr. Beard?

Mr. BEARD. Thank you, Mr. Chairman. The shortfall, let's say for 1976 you have 75 physicians, correct? That is on your page 3.

General TAYLOR. That is a fact.

Mr. BEARD. For 1977, the shortfall is 157. If we go to the optimum level of shortfall, the optimum level is what you feel the manpower needs are to really fulfill your mission?

General TAYLOR. If I am being asked to be prepared to provide combat medical support, 5,273 is the right number.

Mr. BEARD. What we are talking about as far as the professionals feel, the real shortfall for 1976 is not really 75 doctors, but 875 doctors. The real shortfall for 1977 is not 157 but 1,230.

General TAYLOR. That is why I showed you this chart. That is the way I look at it in terms of my statutory responsibility.

Mr. BEARD. The problem is more critical than it appears.

General TAYLOR. The net effect of that many physicians not being available is absolutely profound in terms of readiness and in terms of the number of people that we divert from our hospitals to go to CHAMPUS because we don't have enough people to take care of them.

Mr. BEARD. Have you at any time, or has anyone at any time, sitting at that desk as top individuals in their respective branches of the military, recommended or submitted recommendations backed up by studies that we go back to some form of draft as far as the medical field?

General DETTINGER. No; we have not so submitted, although we have established critical shortfalls and they are there in the out years.

Mr. BEARD. At what stage, or how long do people wait before they say, "My gosh, the shortfall keeps getting bigger and bigger and we really are in critical shape?" Have you, in any of your minds, established a figure that that is when you are going to come out and blow it wide open, that by gosh, we are in bad shape?

General DETTINGER. We are working with the JCS, the Joint Chiefs of Staff to come up with a figure that will say it like it is.

Mr. BEARD. What do you think the response would be if you were to go and say, "we as the three men responsible for the medical prepared-

ness of our military can no longer take the responsibility for playing games with numbers. We feel that our professional integrity demands we recommend looking at some other alternative." What type of response do you think you would get?

General TAYLOR. We are getting close to that configuration now because we are working in a joint arena to be sure we are coordinated across the military departments to insure we get maximum use of our capability.

The problem is more than just active. The problem is also in the Reserve components, both Army and National Guard. The strength has been falling steadily since the end of the draft.

I have some graphs I would like to show you.

Mr. BEARD. I don't want to see the graphs. I appreciate it, but I don't want to see the graphs. I have really had it with graphs because that is all I have seen since the all-volunteer service has come into being. I hear one day the professionals come and say we are making it work, and they show me a graph. The next day they will say we need to start building homes for E–1's and 2's to make it work. They will show me a graph. I just want to know if there is anyone there that feels at this time, or even last year that you should just put your hand down, pound the table and say we are in trouble and we have got immediately to start looking for an alternate route on getting medical professionals into the military through some form of draft, limited draft, or whatever. Is there anyone that feels or has stated that at all?

General DETTINGER. Each one of the three of us, in our own services, has said that and that is what drove us to get together with the Joint Chiefs. That meeting will be worldwide planning next month at which time we have—we will come out with our requirements.

Mr. BEARD. Will you come out with recommendations as to where we need to go?

General DETTINGER. Yes, sir. Actually, we will present that to DOD because part of where we go from there beyond the military will be in their arena.

Mr. BEARD. Let's say DOD takes it and you make the noise you say you are going to make and you are very concerned and you tell DOD that, and DOD, because of budget ramifications, by the time it comes out it is as if you had never really said that. What do you do after that as professionals?

General TAYLOR. Actually, probably what is currently happening. The House Armed Services Committee will invite us back.

Mr. BEARD. Will any of you say, "I can no longer accept this because this is a compromise of my professional integrity?" Will you throw the book down and say, "I have had it with you bureaucrats and this is not the way to run a shop"?

General TAYLOR. All of us have felt that way many times.

Mr. BEARD. I want to hear it because you have people here that depend on hearing it like it is. If you get a Sam Stratton or a Robin Beard, or Dan Daniel, or whoever, who knows you feel that way, then you will have some good allies but you may be out of a job.

[Laughter.]

General TAYLOR. Maybe it would be a pleasure.

Mr. BEARD. But it might be easier to live that way.

Mr. STRATTON. I don't think there is any requirement that the witnesses have to commit hari-kari.

[Laughter.]

General TAYLOR. What I have tried to say today, Mr. Beard, is that we are in trouble and I have tried to present what that really means in terms of being prepared to support what my understanding is of why we are here.

General DETTINGER. I would like to address just the peacetime level of care that we give. Over the past 5 years we have had a progressive decrease in our doctor staffing. We have drawn down from roughly 3,700 in 1971 to roughly 3,495 which is our authorized strength. How have we gotten along?

Well, just barely. Most of it has been by dint of hard work and a lot of planning. We have a lot of extenders, over 700,000, that are doing a tremendous amount of first echelon care. But we have also sent over the past 5 years, diverted to CHAMPUS, about $100 million out of our hospitals because we simply can't meet the needs.

If we look at the year 1980 which is the first year the students will be coming out of the health academy, we predict we are going to have to have 387 volunteers off the street, absolutely, just to maintain our peacetime levels.

Even if Recruiting Service is 72-percent successful, which I feel is optimistic, we will still have a shortfall of 134. But in the long run, if you average the 4½ years they have been in existence, their overall average has been 54 percent of reaching the goal that we have had to have.

The rest of that work went to CHAMPUS. So if we use that 54 percent, we will have a shortfall of 179 doctors. That is 10 clinics or more. In 1980 the Health Professions Educational Assistance Act cuts off foreign medical graduates. We have been getting lately 47 percent FMG's. That is where most of our accessions have come.

If you cut that off, we will have a shortfall of 193—293 in that year alone. That is in 1980.

Mr. STRATTON. Is this the year where the foreign doctors are cut off?

General DETTINGER. Yes, sir. The Health Professionals Education Assistance Act of 1976 will stop FMG's from coming to this country. It is not all bad because well intentioned as these foreign medical graduates are, they come from a different social climate.

They come from a different language; 90 percent of medicine is communications. We feel sorry for them but it is very difficult for them to practice medicine. We have noticed the problems.

Mr. STRATTON. Aren't these foreign doctors, many of them with an inadequate command of English, the major group that you get when you go out on the so-called street and pick them up?

General DETTINGER. Yes, sir; 47 percent this past quarter and it is going up and up. That source will be cut off in 1980. A lot of people have said there is no problem getting physicians off the street. We have skimmed the cream off the street and we are getting down so we get those who are escaping from some problem area they have been experiencing in the civilian practice or personal life.

We have a 7-percent turnback rate for all Recruiting Service accessions. We have some 60 right now that have either gone home or about to go home of these "off the street" accessions for various and sundry sordid things.

[Laughter.]

Mr. MOLLOHAN. What do you mean by turn back?

General DETTINGER. We are having to discharge them from the service.

Mr. MOLLOHAN. For some reason, not a voluntary thing?

General DETTINGER. Shoplifting, drugs, alcoholism, many things. We are beginning to notice this more and more. Recruiting Service has done an outstanding job and the civilian physician accessions have been a godsend. We are accessed over 800 of these midcareer and older individuals, but many of them will have to go home pretty soon because many are in their fifties and they must leave at age 60. Several are approaching that age. So our shortfalls will be very, very real, in 1980 and thereafter.

I don't picture the world at all well in 1980 and thereafter regarding doctors as so many people do in the military. We need all the help we can get.

Mr. STRATTON. You are very frank, Doctor, and I appreciate that. We have heard a lot about the advantages of the scholarship program, but the memorandum here that I have reminds me of something that I think one of you has mentioned as a major concern, and that is that the benefits of these scholarships are going to be taxed.

I ran into this problem about 6 months ago from some very irate students. I guess we grandfathered the ones that were in there, I believe. But everybody else is going to have to pay the tax. Now isn't that going to reduce the attractiveness of this program?

General DETTINGER. Very much so. The HPSP program is in trouble. It is really our sole remaining program. Our country's defense is based on a TRIAD and we in the medics once had seven viable accession programs, making a SEPTAD. This was attrited away to a UNAD—one program—that being HSP, and this is about to get us in our collective medical gonads. [Laughter]

This HPEA offers a $400 stipend with a cost of living increase. Ours does not. The HPEA offers a buy out. Ours does not. It offers a grant if you decide to work in a certain area or $25,000 to open up a practice if you go there. Our does not. It offers many other advantages including also a buy out provision. It is a tough one but it does let you buy out.

Mr. MOLLOHAN. Mr. Chairman, I think he ought to write his Congressman.

[Laughter]

General DETTINGER. There has also been the fact that we have had 2 applications for each space for our HPSP program. When we began to look at double dippers and triple dippers we found that we had 371 applications which were true Air Force applicants for the 350 Air Force scholarships. We barely made it last year.

I don't think we are going to make it this year. We had a Rand study which predicts that unless we do something for this program, our best rate will be 40-percent filled.

Mr. STRATTON. I think it is clear from what you are saying that you don't accept the principle that if we eliminate this school, we will be able to get all the doctors the services need from the scholarship program.

General DETTINGER. Absolutely.

Mr. STRATTON. You feel that the school is something that will help to alleviate this shortage?

General DETTINGER. I certainly do. I have had a lot of feedback from the young people. One of the things that doctors really like is intellectual stimulation. They want to excel and for them to excel is to be an associate professor, an assistant professor or be associated with a medical school.

We are having wholesale losses of these people who were to be our next echelon chiefs who say, "where is there for me to go?"

"I have to go to a civilian university. That is where I am going to go." This University would offer just that. Even though not all can make it—a lot of people aspire to be President. Not all can make it but they keep aspiring. The same is true for doctors. They are going to continue to try.

Mr. STRATTON. Let me ask you one other question. If Secretary Brown had called you when he got the recommendation from Mr. Flinn to eliminate this particular item from the budget and had wanted to get your advice as to whether this would be a good thing, what would your recommendation be?

General DETTINGER. My honest thing would be just what I have said here but I would have thought twice before I finally said it.

Mr. STRATTON. I imagine it is rare that the Secretary asks you for your honest opinion, but we are assuming that hypothetical situation.

General DETTINGER. Yes, sir.

Mr. STRATTON. The fact sheet put out by the comptroller's office on this particular decision states as follows:

Current projections indicate that by 1981 the department will be able to satisfy physician procurement requirements without the university.

Is that in your judgment true or false?

General DETTINGER. It is in my judgment false, sir.

Mr. STRATTON. Thank you.

Mr. MOLLOHAN. Could we get a response from each of them?

Mr. STRATTON. Yes, we want to do that, Admiral, you haven't been saying much. Perhaps we can short circuit things here by simply asking you whether this particular statement that I have just read represents in your judgment the facts as you know them within the Navy?

I can read it to you again if you want to be absolutely sure.

The current projections indicate that by 1981 the department will be able to satisfy physician procurement requirements without the university.

Admiral ARENTZEN. No, sir, it cannot.

Mr. STRATTON. It is not a factual statement?

Admiral ARENTZEN. Not in my opinion.

The current projections indicate that by 1981 the department will be able to satisfy physician procurement requirements without the university.

General TAYLOR. That is false. That clearly is not true.

Mr. STRATTON. Well, thank you very much. I think you have answered the major question. Mr. Mollohan?

Mr. MOLLOHAN. Thank you, Mr. Chairman.

General, Admiral, and General, I notice here that since 1972–73, really the inception of the Health Professions Scholarship Program,

we have had an input of 896 physicians into all branches. If we project that on a 4-year basis, that means 225 medical doctors are coming to us from that source.

We are projecting an expectancy here of 175 doctors from the University. Then you have commented that 47 percent in the Air Force of your doctors today are FMG's. I expect that to be a literal truth because in my State of West Virginia, in our State institutions that require medical doctors, 94 percent of that service is rendered by FMG's.

General DEITINGER. These are new accessions for first quarter fiscal year 1977. In other words, they are the new doctors that are coming aboard. For the total Air Force Medical Corps, FMG's now comprise about 11 percent.

Mr. MOLLOHAN. In West Virginia 90 percent of the services rendered today are rendered by FMG's. Now suppose we continue the health services—Health Professions Scholarship Program and are able to persuade the Administration to go forward with continuation of the University. What sort of a situation are you in then?

General DEITINGER. We have a little problem because we have no experience with the retention rate for the HPSP students. They are just now coming out of the program. Our residents that we have trained in the military service stay with us at the rate of 28 percent, 5 years after their obligated service.

I was hoping that these students would approach a 20-to-25 percent retention rate. If we got that, that would be good.

The Rand study that was done predicted about 15 percent. I don't like that. If that is 15 percent, I am not sure that we are going to get well with the HPSP and the University programs. We may still have to run some off the street recruiting or some other type of accession program.

But we just don't know yet. We are about to run a second inquiry of the HPSP students to try to find out what their career intentions are now. Rand did an HPSP study before and we came up with the 15 percent career retention rate.

One reason we felt rather secure before was we had the fully sponsored program. This is where we took career officers and put them through medical school. We started this about 1965 and we put about 75 officers in this program each year.

These fully sponsored students had a 9-year payback for this training. Many were people who had been flyers, had given their 5 years obligated service for pilot training and were career oriented. Three percent of each Air Force Academy graduation class was included in this program and this amounted to about 25 each year. If the total of 75 had been available, you would have probably kept all of them for a full career. With this added resource, we would have no physician shortage problem.

But that was an expensive program and we were asked to stop that. So now we have to depend upon the University and HPSP.

Mr. MOLLOHAN. This morning former Secretary Packard indicated and said positively, that from the Health Professions Scholarship Program there is an average retention rate expectancy of 8 years.

In the University graduate program there was an expectancy of 16 years. Projecting that 16 years into the future, if this should

prove to be true, on the basis of 175 graduates per year coming into the military medical program that would mean at the end of 16 years you could expect a revolving number of 2,800 in your military medical professionals program throughout the whole military.

What impact would that 2,800 stable force have on solving your needs for medical doctors in the whole of our services?

General DETTINGER. It would have a great deal of impact for us.

Mr. MOLLOHAN. How many do we have?

General DETTINGER. We have 3,400.

General TAYLOR. 11,800 all together.

Mr. MOLLOHAN. Twenty-five percent of our program would be career people.

General TAYLOR. Right. For the Army alone, by 1990, 25 percent of our force would be University graduates the way they would accumulate.

Mr. MOLLOHAN. Then if we continue that and take those same figures and relate them over to the expectancy of the Health Professionals Graduate Program, we would have about 1,700 or 1,800 additional from that program in a stable, continuing, revolving force which would give you 4,600 or approaching half of ours from a guaranteed military oriented program.

General DETTINGER. Yes. All of our programs have disappeared. The senior student sponsored program is gone—it was one of our best programs. We would pay a man a second lieutenant's salary for his senior year in medical school and he would owe us 3 years' pay back. That has been stopped by mandate. It is not attractive now because during that period he does not get his variable incentive pay of $13,500 a year.

The ROTC program is defunct. Those men have a 4-year commitment. This is a man who is in college, receives a small pittance in his junior and senior year, gets his deferment to go through medical school and serves 4 years and cannot collect his $13,500 a year. So he pays $52,000 in lost wages for the sometimes less than $2,000 that he got when he was in college.

They are staying away from that program like the plague. So that has disappeared. Everything has disappeared but HPSP which is shakey, the University, and a shakey recruiting program.

Mr. MOLLOHAN. Which branch has the most critical problem?

General TAYLOR. I think the Army does. The driving factor is that in combat, the ground combat soldiers take 20 to 30 times the risk rate of requiring medical care either in combat wounds or in living in the swamps and the mud, with cold injury and heat injury.

So the Army-Marine Corps forces' problems are identical. That is where the heavy load is on combat casualties.

Admiral ARENTZEN. In 1976, we have a shortfall of 217.

Mr. MOLLOHAN. In 1976?

Admiral ARENTZEN. Yes. In 1977, we will have to get 491 volunteers to meet our quota.

Mr. MOLLOHAN. That 217 relates to a full medical doctor need of how many?

Admiral ARENTZEN. Pardon?

Mr. MOLLOHAN. What is your medical complement?

Admiral ARENTZEN. 3,676.

General DETTINGER. We have 3,495.

Mr. STRATTON. Yes.

Mr. MOLLOHAN. What was your shortfall this year?

General DETTINGER. This year, fiscal year 1976T was 309.

Mr. MOLLOHAN. If you take your FMG's out there in 1980, your back is really to the wall.

General DETTINGER. No question.

Mr. MOLLOHAN. Were any of the three of you consulted at any stage on the closing of the uniformed health services program?

Admiral ARENTZEN. No, sir.

General TAYLOR. No, sir.

General DETTINGER. No, sir.

Mr. MOLLOHAN. You read it in the papers, too?

General TAYLOR. The dean called me that Tuesday morning to tell me he heard it from a newspaper reporter. That is how I heard it.

Mr. MOLLOHAN. Thank you, Mr. Chairman.

Mr. STRATTON. I think we better recess for 10 minutes so we can go over and vote.

[Voting recess.]

Mr. STRATTON. The subcommittee will come to order.

Gentlemen, let me quote another statement from the program budget decision that initiated this action. Actually this was the one in the closing days of the Ford administration which was overturned by the Secretary. It says—

> There is no indication that the Department of Defense or the Nation at large will be short of physicians at the time the University will begin to graduate them. In fact it now appears that DOD will be able to expand its physician strength by over 20 percent without the output of the medical school.

Is that statement, Admiral, in your judgment, correct or incorrect?

Admiral COX. Mr. Chairman, that statement is based on a set of assumptions upon which the model is based that there will be a plethora of graduates from medical schools. Insofar as the assumptions are valid, the statement could be valid.

Insofar as the assumptions are invalid, the statement will be false.

Mr. STRATTON. It says there is no indication that the Department of Defense or the Nation at large will be short of physicians. Do you have evidence? Certainly it has not come out from what you have already said. It appears by 1981 the DOD will be able to expand its physician strength by over 20 percent without the output of the medical school.

Have you any evidence?

Admiral ARENTZEN. I do not think we can, sir.

Mr. STRATTON. So this is not correct?

Admiral ARENTZEN. No, sir.

Mr. STRATTON. General Taylor?

General TAYLOR. I don't have anything that would allow for such optimistic conclusions.

Mr. BEARD. Really, it is a bunch of hogwash, right?

General TAYLOR. Yes, sir.

Mr. BEARD. Who wrote that? Who did that come from?

Mr. STRATTON. I think this is probably the gentleman that we had before us here the other day, Mr. Flinn.

General, how about you?

General DETTINGER. Mr. Beard said it exactly. It is hogwash.

Mr. STRATTON. Let the record stand.

Hogwash.

Now what about the medical situation with regard to your Reserve Forces? Have you adequate doctors in the Reserve Forces?

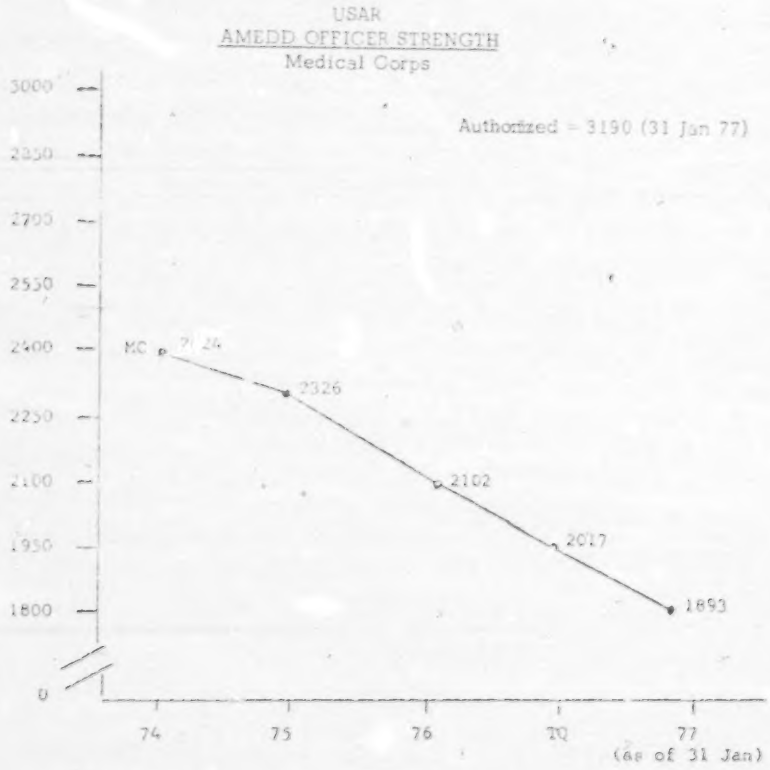
General DETTINGER. No, sir, we do not. In the Air Force Reserve, we now stand 180 short and in the Air National Guard we are 153 short. Some 333 out of total requirements of 875. That was identified as our biggest problem and where we should place our one major effort in our recent Reserve meeting for recruiting. We must get more physicians in our Reserve Forces. We are falling down terribly.

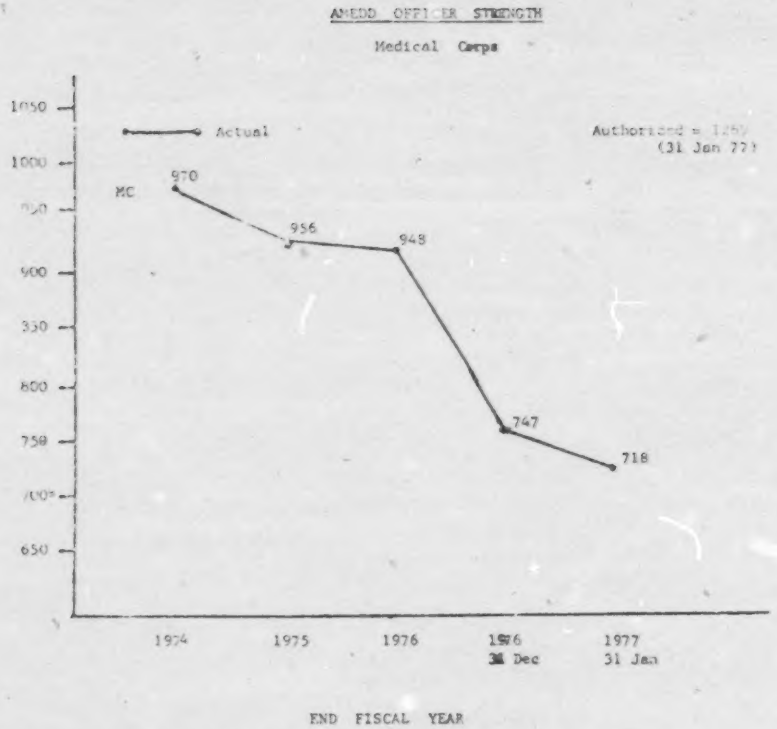
Mr. STRATTON. When we are talking about doctors in the Reserve Forces, we are talking primarily about doctors who will be available when the balloon goes up, not doctors to take care of the reservists at their meetings. This was related to what General Taylor said earlier about the mobilization requirements of doctors.

Is the same true for the Army, General?

General TAYLOR. Yes, sir; I would like, despite the graph problem of Mr. Beard's, to give you a chart. These are the actual strengths of medical corps officers which are critical early in any mobilization with the Active Force.

The first chart reflects the trend of declining physician resources in the U.S. Army Reserve from fiscal year 1974 to fiscal year 1977. The second chart reflects similar data for the physicians in the Army National Guard.





Mr. BEARD. I don't think there is really going to be a problem. Since we are experiencing a 342,000 Reserve shortfall to boot, we are really not going to need all these doctors.

General TAYLOR. The number up in the right-hand corner is the current authorized number. Those are the trend lines falling significantly away from what is required to support the Active Army early in those same plans.

Mr. STRATTON. Do these graphs apply just for the senior ranks?

General TAYLOR. Those are all physicians.

Mr. STRATTON. All physicians?

General TAYLOR. That is all there is.

Mr. STRATTON. Admiral, how about the situation in the Navy Reserve?

Admiral ARENTZEN. I don't have our figures, Mr. Chairman. But our present Reserve strength is below our contingency needs.

Mr. BEARD. May I ask something, Mr. Chairman?

Mr. STRATTON. Yes; Mr. Beard.

Mr. BEARD. Thank you, Mr. Chairman.

I heard a figure as far as the number of aliens that now participate in the medical corps for the different branches. Could I just quickly get a figure from the Navy?

Admiral ARENTZEN. Aliens constitute 5 percent of the onboard strength of the Navy Medical Corps. During 1976 and 1977, to date, we recruited 370 physicians. 181 were foreign medical graduates of which 123; 68 percent were aliens.

General TAYLOR. When you say volunteers you are talking about nonobligated volunteers.

Admiral ARENTZEN. Just volunteers.

General TAYLOR. At the moment the Army has about 128 foreign medical graduates in the Army out of about 4,400 physicians. That is a pretty small number.

Mr. BEARD. Yes.

General TAYLOR. Out of our walk-in, unobligated volunteers, we had 33 foreign medical graduates in 1976, 12 in 197T, and we project 70 in 1977. At the moment we are at 12 percent of our total medical officers.

That is not a problem to us. We project going into future years however that we will increase in the voluntary group as long as that is applicable. It might get up as high as 10 percent of all the accessions in any year.

General DETTINGER. We have 315 foreign medical graduates aboard. That is 11.1 percent of our total force.

Mr. BEARD. Do you foresee any type of increase in the future?

General DETTINGER. Well, I only have figures for 1976. 91 percent of those were nonresidents. They are aliens. 65 percent during the first quarter of this year were aliens. Therefore 170 of the last 15 months accessions were aliens.

Mr. BEARD. The numbers are not that significant, but if there were substantial increases they could be. I was wondering, would you find this to hinder flexibility? Are there certain restrictions dealing with the alien medical officers such as being able to go aboard ship, being in areas dealing with secret or top secret locations?

Are there restrictions that would place a handicap as to flexibility?

General DETTINGER. We have not run into that problem. There are a few, very few doctor positions that require a very high level of clearance. Those are so few it does not make any difference.

We would not assign FMG's in those. We have no restrictions.

General TAYLOR. The Army is the same.

Admiral ARENTZEN. The Navy is different. Foreign graduates now constitute about 16 percent of our primary care physicians. Most of our ships are staffed by primary care physicians. It is a problem to get our ships staffed.

Mr. BEARD. You can't put them in the chain of rotation?

Admiral ARENTZEN. No, sir.

Mr. BEARD. They have got to have the best of both worlds.

Admiral ARENTZEN. They certainly do.

Mr. STRATTON. Admiral, I might just remind you that the March 28 issue of the Navy Times includes an interview with you and there are some statements in here that I think bear on what we are trying to get.

I would like to just mention a couple of these to you and ask you if this still represents your considered judgment.

The current strength of the Medical Corps is 3,604 and we are predicting a sizable shortfall of physicians for this fiscal year.

Admiral ARENTZEN. Yes, sir.

Mr. STRATTON. That is correct?

Admiral ARENTZEN. Yes, sir.

Mr. STRATTON. "The Navy's medical department scholarship program may be in trouble. The public law says that students entering the program must pay tax on all benefits including stipend, tuition, books, and fees." Is that still the case?

Admiral ARENTZEN. Yes, sir.

Mr. STRATTON. "The Health Professionals Assistance Act of 1976 helped needy students but payback requirements appear to be more favorable than those of the Armed Forces Health Professionals Scholarship Program so the Navy may be forced out of the student manpower market in a few years."

Is that correct?

Admiral ARENTZEN. Yes, sir.

Mr. STRATTON. OK. What has your experience been with the individuals, from what you have seen, who have gone into the scholarship program? Do they look as though they are going to be career people? Are they going to be getting out at their earliest opportunity?

Admiral, let's start with you and get all three of you to respond.

Admiral ARENTZEN. I am not sure we have had enough time yet, Mr. Chairman, to really judge this correctly.

Mr. STRATTON. General Dettinger, I think, responded to a question that referred to the Rand study that suggested about 15 percent.

General DETTINGER. Yes, sir. That was their estimate based on the modeling that they did.

Mr. STRATTON. Do you think that is a reasonably fair estimate?

General DETTINGER. I think it probably is. I wish it were a little higher. I had hoped it would be a little higher. We see them earlier—we have an OTS training program down in Lackland that we send them to on their 45-day active duty period down there. I must admit—we get them right out of college and we cut their hair and we make them march and we do many military things and they seem to be favorably inclined toward us.

But once they get in the academic area for 4 years in medical school and then 4 years perhaps more in post-graduate education, 8 years out, 8 years of long hair is a long time and I am not sure if it is going to be that way.

Mr. STRATTON. General Taylor, how about yourself?

General TAYLOR. I have seen the Rand study, but we don't have enough experience to know really what is going to happen. We believe it will be higher than the Berry planners. It will depend a great deal on whether we provide them training in the service during their residency training program.

We have a residency training base or a number of spaces that can handle them—that has changed retention.

Mr. STRATTON. In other words, the general testimony here from the top military professionals in the medical field is that you really don't know very much about how this program is going to work. As scientists, would you want to base a prediction today on what is going to occur in 1981 or 1982 as a result of that particular program?

Does it make much sense to say that we can confidently predict that, in the year 1982 this program is going to be so successful, it will get all the medical people that we need?

Admiral ARENTZEN. No, sir.

General DETTINGER. If nothing is done to the program as it now exists, it will be a miserable failure in 1981 or 1982. Of that I am strongly convinced. Unless we build in IRS help and a cost-of-living increase, I feel confident that it will simply not be a success.

Mr. STRATTON. General Taylor, do you share that view?

General TAYLOR. I believe when you look out much further than about 24 months, you get it through increasingly foggy eyes and I don't believe anybody can predict out into that time frame.

Mr. STRATTON. We can't wait 24 months.

General TAYLOR. I am acutely aware of that.

Mr. STRATTON. Admiral, how about yourself?

Admiral ARENTZEN. I concur.

Mr. STRATTON. Well, let me ask you this: You heard two of the students of the University testify here earlier.

Have you had any contact with the student body out there? Do you have a feeling that this might be the sort of thing that would encourage graduates to remain in the service longer than would be the case with the scholarship program?

General TAYLOR. I have given talks for 2 hours as a member of the guest faculty to the students with questions and answers in between and have met with all the students within the last month since the announcement was made.

The effects of what the witnesses today described I felt all the way through there, a tremendous sense of cohesion in terms of trying to get on with the program, a very strong identification with military medicine and a great dedication toward that purpose that would make me think that you could expect considerably greater retention than you can with any other program.

Mr. STRATTON. Thank you.

Admiral Arentzen?

Admiral ARENTZEN. I concur with what he said. I think if all future classes are like this one, we will be in good shape in a few years.

General DETTINGER. My boss is the one that went out to talk. He is not here today because his mother is undergoing heart surgery this morning. I simply have not had a chance to interface with the students. I have read their curricula and I am very impressed.

Mr. STRATTON. Thank you. Any other questions? Mr. Beard?

Mr. BEARD. No, Mr. Chairman.

Mr. STRATTON. Mr. Lally?

Mr. LALLY. Thank you, Mr. Chairman. What has your experience been in the current fiscal year in the number of volunteers you need to bring you up to your authorized end strength and what you have actually been able to recruit?

General DETTINGER. Fiscal year we need 488. We have 102 at this point.

Mr. LALLY. You are halfway through the year?

General DETTINGER. That is correct.

General TAYLOR. This is on table 5 that we talked about before, showed the number required to meet our authorized strength in 1977 we would have to recruit 375, or with what the authorized number was last month, 695 physicians.

Our best estimate of acceptable candidates is around 200. We currently have commissioned 27 of those either 357 or 695. It does not appear feasible to get that many people.

Mr. LALLY. Admiral?

Admiral ARENTZEN. Our goal is 300 and so far we have 83.

We are halfway through the year.

Mr. LALLY. Is it your experience that the latter half of the year produces any more volunteers than the first half?

Admiral ARENTZEN. No, sir.

Mr. LALLY. Do any of you expect to reach your objective for the current year?

Admiral ARENTZEN. No, sir.

General TAYLOR. No.

General DETTINGER. No, sir.

Mr. LALLY. Thank you, Mr. Chairman.

Mr. STRATTON. We had before us here a compilation of your accessions and shortfalls up through 1980 or 1982, I believe, which was supplied to us by the University. The figures there were sharply at variance with the figures that the Assistant Secretary of Health Affairs and the Department of Defense gave us.

I would like to see if we could not get some verification of these figures for your individual services. We don't need to do it now. If you don't have the documents immediately available, we can do it later.

But we would like you to provide that for our records.

[The following was subsequently furnished to the subcommittee:]

NAVY MEDICAL CORPS REQUIREMENTS (2100 COMMUNITY)

	Fiscal year—					
	1977	1978	1979	1980	1981	1982
Authorized billets	3,676	3,664	3,696	3,647	3,652	3,651
Actual/projected losses	916	854	649	685	615	605
Known obligation:						
Berry plan	136	38	6	2	0	0
SMSP	1	3	0	0	0	0
MOSP	36	35	27	17	16	0
AFHPSP (H.R.-2)	300	317	300	300	300	300
Obligator subtotal	473	393	333	319	316	300
Volunteers needed	491	449	348	317	304	304
Total accessions	964	842	681	636	620	604

The following figures reflect the Air Force's physician shortfalls through fiscal year 1983:

	Fiscal year—							
	1976	1977	1978	1979	1980	1981	1982	1983
Authorized end strength	3,441	3,402	3,483	3,497	3,497	3,497	3,497	3,497
Known losses	1,166	602	570	559	575	580	580	580
Number of known entries with obligated service	966	366	325	322	338	380	380	380
Shortage to be filled by volunteer recruitment	567	488	466	397	387	371	371	371

At least we ought to be able to agree on how many doctors you need and how many you have and when it comes to projections in the future, of course, you are flying by the seat of your pants.

So anybody can come up with any kind of projections, as we saw on that first chart that just conveniently came up with the precise number that you required.

I think rather than retaining you here, why don't you take a look at that and if you need copies, we can get it Xeroxed. Then you could report back any discrepancies to Mr. Lally.

Admiral ARENTZEN. Yes, sir.

Mr. STRATTON. Thank you very much, gentlemen. We appreciate your testimony.

Now our next witness will be Rear Adm. A. R. Marschall, commander of the Facilities Engineering Command, Department of the Navy; along with Capt. Clay Myers, construction supervisor at Bethesda.

[Witnesses duly sworn.]

Mr. STRATTON. Please be seated. Admiral, you are in overall charge of the construction of the University of Health Sciences and my first question is did your command receive any advance notice of the decision to terminate the funding?

TESTIMONY OF REAR ADM. A. R. MARSCHALL, COMMANDER, FACILITIES ENGINEERING COMMAND, DEPARTMENT OF THE NAVY, ACCOMPANIED BY CAPT. CLAY MYERS, CONSTRUCTION SUPERVISOR, UNIVERSITY OF HEALTH SCIENCES, BETHESDA, MD.

Admiral MARSCHALL. I read it in the newspaper, Mr. Chairman. It was in the Washington Star.

Mr. STRATTON. What is the present status of the first building, increment No. 1?

Admiral MARSCHALL. Increment No. 1 is approximately 80 percent complete, Mr. Chairman.

Mr. STRATTON. If a building is that far along, what is the sensible course for you to take if the University is going to be terminated?

Admiral MARSCHALL. The only course is to complete it. We could not get a red cent out of this thing at this point.

Mr. STRATTON. So that would require the full expenditure of whatever money has been appropriated for that building?

Admiral MARSCHALL. By this time, Mr. Chairman, the contractor will have procured all his equipment and supplies and have his labor force geared for the very little remaining work to be done.

Mr. STRATTON. Now the second building is, as I understand it, about 25 percent complete.

Admiral MARSCHALL. Not quite that much, Mr. Chairman. As of March 25 it was about 17 percent complete.

Mr. STRATTON. We obviously are not going to save any money with respect to building No. 1. What options do you have with respect to building No. 2?

Admiral MARSCHALL. We worked out four options, Mr. Chairman, which we have investigated in some detail. The first would be to stop and restore the site. This would involve demolition of partially completed underground parking, refilling an excavation and restoring a lake in lieu of more fill, landscaping, roads and grading to make increment No. 1 functional.

Mr. STRATTON. How much would that cost?

Admiral MARSCHALL. We estimate that the work in place—let me say something first. We figured that May 1 would be a logical stopping

place based on the contractors' current efforts and based on the fact that we would hope to have a decision by then.

Assuming that we talk in terms of May 1, the work in place for that structure would be $10,500,000. The loss due to termination we estimate would be $9,254,000 and we anticipate that extra contractor costs would amount to $2,589,000 for a subtotal here of $22,343,000.

That contract amount for the final structure is on the order of $37 million. So you can see that there would be a saving in the long run if we did that on this structure of about $15 million.

Mr. STRATTON. I think you told Mr. Lally that it would cost $39,319,000 to stop construction and restore it to its original condition.

Admiral MARSCHALL. Yes, sir. I was talking about this one structure alone. Associated with this structure is a portion of the powerplant, the heating plant, some of the roads and bridges within the authorization of increment No. 2.

And in that case, if we were to stop, we would have to anticipate losing $39,319,000. I thought you were talking only about the building itself.

Mr. STRATTON. Well, I think we were talking about all of the costs that would be associated with terminating Building No. 2. You say the original cost of the building was $17 million?

Admiral MARSCHALL. No, sir. The original contract is $37 million for the structure alone. With respect to alternate A, I spoke only to the building itself. But when you consider the other costs of the work to be completed to restore the site, it would cost $39,319,000.

I have four significant figures here on estimates. Engineers are terrible in this respect. I try to train these guys but they come back with four significant figures on a scientific wild guess. The utility plant is $3,445,000; site preparation, $500,000; the contribution to the central building automation system which is geared to the hospital, too, the portion of that assigned to the University would be $980,000——

Mr. STRATTON. I don't really think we need all these. We have the same figure here, if you are reading from the same sheet. It is $39,319,000.

Admiral MARSCHALL. That is correct, sir.

Mr. STRATTON. Does that mean that would be the cost, overall, including what we have already contracted for, as well as closing out, or is the $39 million what you will incur from May 1 as you try to close the operation down?

Admiral MARSCHALL. That $39 million is the total figure for increment No. 2 were we to stop on the 1st of May and restore the site.

Mr. STRATTON. Including the previous sunk costs?

Admiral MARSCHALL. Right, sir.

Mr. STRATTON. Now option No. 2 is to continue construction to the plaza level before termination. Is that right?

Admiral MARSCHALL. Yes, sir; that is correct.

Mr. STRATTON. Whatever that means.

Admiral MARSCHALL. That means we would end up with completed underground parking for 980 automobiles, about 50,000 square feet of storage and some space which had been intended to be used for animal storage. It could provide a foundation for a redesigned building for a future tenant if we want to go up from there at a future date.

Now that cost, if we were to stop and complete the plaza level, would be $39,429,000 which roughly equates to stopping and just restoring the site. At least we would end up with a parking garage for 980 cars.

The third alternative would be to complete the shell, that is, to construct the frame, the floors, the exterior walls and roof and let it sit until we decided what further use it could be put to.

The cost to complete the shell would come out to about $46,151,000. Then of course the fourth alternative is to complete as designed and the total figure there would be $55,799,000.

Mr. STRATTON. So, in other words, in terms of Building No. 2, you have costs ranging from $39 to $56 million in trying to wind up in some suitable way that particular building?

Admiral MARSCHALL. That is correct, sir. Now, in addition, of course, there are sunk costs already. Assuming you want to consider the interim facility which is at Walter Reed of $141,000, the increment No. 1 building which is $11,774,000, planning and design which amounted to $5,600,000, you have a sunk cost of $17,515,000 which you would add to any of these alternatives.

Mr. STRATTON. I think we are going to have to take another recess to vote.

We will stand in recess for about 10 minutes.

We will resume at that point, Admiral.

[Voting recess.]

Mr. STRATTON. The subcommittee will come to order. Admiral, is increment No. 1 a building that could be adapted to some other use? Is so, is there any way of estimating what that would cost?

Admiral MARSCHALL. Mr. Chairman, that is a very specialized building and I guess any building can be used for some other purpose than that which it was intended. Until we had some idea of what the use might be, I can't begin to give you an estimate of what it would cost to convert it. Suffice to say that this being a specialized building with laboratories and outlets and things of that sort, it would take a considerable amount of modification.

Mr. STRATTON. Well, building No. 2 is even more specialized, is it not?

Admiral MARSCHALL. About the same thing, Mr. Chairman, but only there is a lot more of it. We have laboratories again and specialized lecture rooms, three auditoriums, one large and two small.

So it would certainly depend a great deal on the ultimate user if someone else were to come in. Any estimate I would give you on what it would take would depend totally on the user.

Mr. STRATTON. So in short the financial savings that we have been told could be realized by closing down the University would be offset by a fairly substantial amount when it comes to completing the construction, terminating the construction and reconfiguring the building for other uses?

Admiral MARSCHALL. It would be a considerable amount of money.

Mr. STRATTON. Would it be reasonable to say that the cost of reconfiguring these buildings would vary from $20 a square foot to something like $60 a foot?

Admiral MARSCHALL. It could be even more. Again it would depend wholly on the ultimate use. You have air-conditioning, you have

ventilation, you have the flow of people within the building to consider, and there is just so much involved that to give you a horseback estimate would be a wrong thing. But it would be expensive.

Mr. STRATTON. Any questions, Mr. Lally?

Mr. LALLY. No questions, Mr. Chairman.

Mr. STRATTON. Well, that is all we need from you, Admiral. We appreciate your being very patient and waiting to get your opportunity to testify. Thank you very much.

Admiral MARSCHALL. Thank you very much, Mr. Chairman.

Mr. STRATTON. Dr. Smith, as our final witness, do you want to take the stand again? You have been previously sworn so we don't need to repeat that.

Doctor, you have followed these hearings in some detail. You have heard the testimony that we have had that civilian medical school tuition costs are increasing. We have also had testimony that the scholarship program would have to be substantially increased if an effort were going to be made to rely solely on scholarships.

Aren't those increases including the cost of tuition and perhaps the extension of the program going to require the Department to ask for more scholarship money to cover the costs?

FURTHER TESTIMONY OF HON. ROBERT N. SMITH, ASSISTANT SECRETARY FOR HEALTH AFFAIRS, DEPARTMENT OF DEFENSE

Dr. SMITH. Sir, our scholarship program is in competition with the scholarship program of HEW. We have anticipated the need to come to the Congress or to obtain relief from the tax problem we have. That is a problem, but that problem will exist for all scholarship programs whether they are Government programs or private programs.

Mr. STRATTON. I am just talking primarily about the tuition costs.

Dr. SMITH. We would not deny that tuition costs will be increasing. I have checked on where our students are and, by prudent selection or just plain luck, 38 percent of our students go to school where the tuition is $2,000 or less, and another 32 percent go to schools between $2,000 and $4,000 and another 22 percent go to schools between $4,000 and $6,000.

So 92 percent of our students go to schools where the tuition is $6,000 or less.

Mr. STRATTON. I did not know we had any medical schools that charged that little.

Your testimony is then that you have no plans to request any more money to cover the costs of tuition increases that are likely to come?

Dr. SMITH. Sir, I believe the biggest problem we get with the scholarship program, which is common to all scholarship programs, is the IRS ruling that says that these are now taxable income. We do have a problem with that because the tuition and the subsistence is now taxable.

If you pay $6,000 tuition and you have $5,000 in subsistence, that is $11,000 on which you will have to pay tax now. We have gone to the IRS and they tell us to increase their pay to cover the income tax. That is fine but if you talk to OMB about getting more money, they tell us to go to IRS and get them to excuse the tax.

So we are between a rock and a hard place but so are other scholarship programs.

Mr. STRATTON. You still have not answered my question.

Dr. SMITH. Yes, sir. I would assume in the future there will be some increase in tuition costs. Money will have to be requested to cover those increases.

Mr. STRATTON. How much do you anticipate will be required?

Dr. SMITH. Mr. Dexter informs me that we are showing about a 5-percent increase in cost yearly. The general inflation—but that is going to affect all programs.

Mr. STRATTON. How does that 5-percent annual increase affect your comparison between the Health Sciences University and the scholarship program?

Dr. SMITH. Well, sir, I believe that if you are going to keep the program at the University on a level, that you are going to also find that you are going to have increased costs there, whether it is faculty, student subsidies, operation and maintenance, whatever. It is not going to be isolated from inflation.

Mr. STRATTON. Hasn't your office, since August 1975, anticipated that tuition is going to increase and that a doubling of the students stipend would be required that would amount to increased costs in the scholarship program of approximately 50 percent?

Dr. SMITH. We have discussed that in terms of what is necessary if we do not get relief from IRS.

Mr. STRATTON. Were you in the office in 1975?

Dr. SMITH. I have been here since August 1976 and we discussed it since I have been there.

Mr. STRATTON. Maybe you have not gone through all the files, but I have a letter here signed by Mr. Vernon McKenzie, dated August 5, 1975, to Senator Mansfield.

The Government Accounting Office has asked that we submit to you our views regarding certain aspects of the cost data which your committee is now considering with respect to the Uniformed Services University of the Health Sciences.

There are at least two factors which may significantly narrow the cost differences that now exist between the procurement of physicians under the Armed Forces Health Professions Scholarship Program as opposed to procuring them under the University program. These are—

1. Increased tuition and other educational costs resulting from the effect of inflation on U.S. medical schools; and

2. Depending upon the outcome of the scholarship provisions of Health Manpower Bill now pending in Congress, it may become necessary for the Department of Defense to seek legislation next year to approximately double the stipend of $400 per month now authorized under our scholarship program in order to remain competitive in the federally subsidized scholarship field.

The factors referred to above may result in increased costs under our scholarship program of approximately 50%.

You were not familiar with that letter?

Dr. SMITH. No, sir; but I am familiar with the general principles in it. That speaks again to the inflation which I just spoke to which will affect any program. Secondly, it speaks to the competition of the HEW scholarships and the effect of the IRS ruling on income tax.

Mr. STRATTON. It also specifically addresses the alleged disparity between the university and the scholarship program.

This is signed by the Acting Assistant Secretary of Defense. The situation has not changed for the better since that letter was written, has it?

Dr. SMITH. Sir, it has not. That is a qualitative statement. I don't know—I can't prove it with numbers and I only suggest that the effects on one program are going to be the same as the effects on the other programs. That was Mr. McKenzie's estimate at the time he wrote that letter, I am sure.

Mr. STRATTON. Well, I think we have seen enough to know that costs don't always go up the same way. The tuition costs have gone up beyond and far more rapidly than the general cost of living index.

The same thing is true for hospital costs, for that matter. Have you noticed any impact in applications for scholarships for the next year?

Dr. SMITH. No, sir. Colonel Bass tells me that there has been a slight decrease in the number of applications, but it is our understanding that the services have enough to fill their positions.

Mr. STRATTON. I think General Dettinger testified just a moment ago, did he not, that you had 370 applicants for 317 scholarships or something on that order?

Dr. SMITH. That was in the Air Force, yes, sir.

Mr. STRATTON. In other words, there did not appear to be an overwhelming demand?

Dr. SMITH. I am certain, sir, that the effect of the IRS ruling has and will have an effect upon the scholarship program until we can get that problem resolved.

Mr. STRATTON. Well, I can't remember which statements you made in November and which ones you made in January, but the document which has been circulated here on behalf of the Department of Defense has said that they estimate that the scholarship program will bring in all of the medical personnel required by the Department of Defense and, in fact, will increase the available doctors by 20 percent.

Do you honestly think that the shaky situation of these scholarship recruitment programs, which you have heard detailed by the Surgeons General, justify any statement such as that?

Dr. SMITH. Mr. Chairman, I testified before that the 20-percent overrun was an optimistic projection, that a pessimistic projection would be a 20-percent underrun, and that those projections were made on what are considered to be the best assumptions that we can make today.

We have to be able to plan. I suppose it will fall someplace between those numbers. I am trying to indicate to you, sir, that we know we have a problem in trying to correct the IRS ruling and that that does, I am sure, have some effect at this time on our applications.

Mr. STRATTON. If you were going to build a house, I doubt that you would want to enter into a contract where the spread was going to be from 20 percent over to 20 percent under. That is not a very good kind of a spread, is it, upon which to base such a far-reaching decision on the status of military medicine?

Dr. SMITH. Sir, I believe that when you make projections like that, you also have to do it in terms of statistics and if you plot your probability of where you would be, you would have a bell-shaped curve and the middle would be the mean and on either side would be the 20-percent over and the 20-percent under.

But the opportunity to have that would be much less than being 5 percent over or 5 percent under. So it is not a——

Mr. STRATTON. You have not responded to the question at all. If you have a 20-percent chance of winning or a 20-percent chance of losing, that sounds like gambling to me.

Dr. SMITH. It is not even.

Mr. STRATTON. It does not strike me as a very rational decision on the part of the Secretary of Defense.

I don't have any other questions. Mr. Beard?

Mr. BEARD. Just out of curiosity, $2,000 a year, did you mention 22 or 20 percent were attending medical schools at $2,000?

Dr. SMITH. Thirty-eight percent.

Mr. BEARD. $2,000 or less a year?

Dr. SMITH. Yes.

Mr. BEARD. Do you have a couple of names? I was amazed to hear that?

Dr. SMITH. The statistics came from the services. We will supply them for the record.

Mr. BEARD. I would like to know those schools and I would like them to be submitted to my office also with the $2,000 or less a year.

Mr. STRATTON. We ought to have that for the record.

[The following was subsequently furnished for the record:]

The following is a list of University Medical Schools in which tuition costs for AFHPSP students were under $2,000 for the school year 1976–1977.

University of Alabama, Birmingham, University of Alabama, University, University of South Alabama, University of Arizona, University of Arkansas, Baylor University, University of California at Berkeley, University of California at Davis, University of California at Irvine, University of California at Los Angeles, University of California at San Diego, University of California at San Francisco, Chicago College of Osteo Medicine, University of Cincinnati, University of Colorado, Colorado State University, Creighton University, University of Connecticut, Duke University, University of Florida, University of Southern Florida, Medical College of Georgia, University of Hawaii, and University of Illinois.

University of Peoria, Southern Illinois University, University of Indiana, Indiana University, Indiana University at Indianapolis, University of Iowa, College of Osteo & Surgery, Iowa, Kansas City College of Osteo and Surgery, University of Kansas, University of Kansas Medical Center, Kansas State University, University of Kentucky, University of Louisville, Kirksville College of Osteo & Surgery, Louisiana State University (New Orleans), Louisiana State University (Shreveport), University of Maryland, University of Massachusetts, University of Michigan, Michigan State University, Michigan State School of Osteo Medicine, Wayne State, University of Minnesota, and University of Mississippi.

University of Missouri, University of Missouri at Kansas City, Missouri College, University of Nebraska, University of New England, Rutgers, University of New Mexico, State University of New York Medical School, State University of New York, Downstate, University of North Carolina, North Carolina State University, University of North Dakota, Ohio State University, University of Cincinnati, Medical College of Ohio, Toledo, Ohio Medical College, University of Oklahoma, University of Oklahoma Medical Center, Oklahoma College of Osteo Medicine, University of Oregon, Philadelphia College of Osteo Medicine, University of Puerto Rico, Medical University of South Carolina, Medical College of South Carolina, University of South Dakota, University of Tennessee, and University of Texas (Dallas).

University of Texas (Galveston), University of Texas (Houston), University of Texas (San Antonio), Southwestern University of Texas, Texas College, Texas Tech, University of San Antonio, Texas College of Osteo Medicine, University of Utah, University of Virginia, University of West Virginia, West Virginia School of Osteo Medicine, University of Wisconsin, and Medical College, Wisconsin.

Mr. BEARD. You came aboard in August of 1976.

Dr. SMITH. Yes, sir.

Mr. BEARD. Mr. Secretary, this may be unfair but to try to understand what the whole situation is and what your feeling is, did you at any time speak before a crowd or speak to individuals stating that the medical school was a legitimate theory or was a legitimate plan at any time?

Dr. SMITH. No, sir; I don't believe I ever made a speech about the University.

Mr. BEARD. You never expressed the feeling that this would probably be a viable, productive project?

Dr. SMITH. I wrote the reclama when the PBD took it out of the Ford budget, sir, as I testified before.

Mr. BEARD. You stated you felt there was a need for it?

Dr. SMITH. I wrote a reclama which included all the intangible benefits which I agreed with and which I have heard the distinguished witnesses testify to today. I have agreed with all that and I have told the subcommittee that.

Mr. BEARD. In other words, the major thrust of the reclama was the fact that you felt, overall, it was a good direction to take?

Dr. SMITH. The reclama did not address the financial aspect of it but only the intangible benefits.

Mr. BEARD. It had no cost-benefit ratio relationship?

Dr. SMITH. I wrote the reclama to the deputy secretary. It was his responsibility to weigh the matter of cost effectiveness against the intangible benefits. He valued those from his own perspective.

Secretary Brown, under the severe budgetary restraints in the Pentagon, looked at the matter from pretty much a bottom line—from a cost effective basis.

Mr. BEARD. You wrote a reclama to the Secretary of Defense under this administration, or the last one?

Dr. SMITH. The last one.

Mr. BEARD. Were you asked to make any input to this administration of the reclama type when the decision was made?

Dr. SMITH. No, sir. As I testified before, the budget cycle which went on was quite constricted and even under normal circumstances it is usual that we don't get more than about 6 hours or a half day to reply to a program budget decision.

In this case, there was no opportunity to reclama the decision. I wondered, sir, if I could say though that I appreciate that there is a shortage of doctors today. I appreciate the testimony of the desirable effects and features of the University and assure you that my dedication to military medicine is as great as any of those people who testified today.

But the real fundamental issue is what is necessary for the Defense Department to accomplish its mission? The next question is does the Defense Department need a medical school to accomplish its mission?

I think the answer to that question is "No." We have seen today the distinguished officers who have been here, the surgeons general and the other officers who have come from civilian schools.

It is our judgment that with the increased availability of physicians, with increased retention, with the cost of the programs, that we can acquire the physicians that we need through the scholarship program.

I think I heard Mr. Packard tacitly admit this morning that the University program could be a little more expensive but that it was

worth it. I submit to you, sir, that our projections show that we could save, based on staff years—and we were talking about 30 years of service—we could save almost a billion dollars in 30 years.

That is an interesting number because it is hard for me to know what a billion dollars is except that if you spend a dollar every second of every minute of every hour of every day of every week of every month of every year for 30 years, you have spent a billion dollars.

About a month ago I testified before the Senate Small Business Committee on how much it costs the Armed Forces to buy glasses. We buy glasses for $8.76. We were then being compared with the civilian industry. In that case we were the good guys and we were saving money. In this case we are trying to be properly economical, too, and I guess we look like the bad guys.

If it is the wisdom of the Congress to continue the University, knowing that all the Federal agencies in the Government have doctor shortages, I would suggest to you, sir, that you consider an expanded Federal medical school and place it in the proper agency in the Government.

Mr. BEARD. So you leave very little doubt in my mind, then, sitting there at that table, you feel that the administration or the Secretary of Defense is definitely going in the right direction and has made a very legitimate and good decision to eliminate the funds or to eliminate the concept of this school?

Dr. SMITH. Yes, sir. He has made a cost effective decision.

Mr. BEARD. You strongly support that?

Dr. SMITH. I support that decision.

Mr. BEARD. So within a few months time, you have pretty well totally reversed your stand as to the advantages of such an institution?

Dr. SMITH. I testified to that before, sir.

Mr. BEARD. The fact of the matter is——

Dr. SMITH. The fact of the matter is if you rule out the intangible benefits and you look at the cost effectiveness, the scholarship program is the best way to acquire physicians.

Mr. BEARD. Now, on November 16, 1976, didn't you write to the Deputy Secretary of Defense stating:

> The USUHS will provide a nucleus of career-minded health professionals which is considered to be essential to the effective accomplishment of the military medical mission. The University will add to the supply of needed doctors, particularly in the primary care area. The University will assist the military in retaining outstanding physicians by offering them opportunities to pursue careers in academic medicine while remaining on active duty. Also, the school will serve as the vehicle by which military physicians will receive professional and academic recognition for significant accomplishments and contributions in medicine. This institution is in a unique position to develop models in medical education and health care delivery systems. The University will train global military physicians as well as being a repository of knowledge on worldwide medical problems. All of these benefits make the USUHS a truly national health resource.
>
> Based on the above, I strongly recommend that the service estimate be accepted.

I find the two positions totally irreconcilable. I question that.

Dr. SMITH. Let me say once more——

Mr. STRATTON. I think we are going to have to wind this up because I have a commitment. We have had Dr. Smith now on cost effectiveness for the last half hour. I wasn't aware that was his forte. I can see

that he wants to spend another 15 or 20 mintues justifying the Department's position in response to your question.

I don't have the time. I will give you about 2 minutes to respond to that, Doctor. We know what the Department's position is and you are being a cost effective analyst today which is totally outside of your field.

How can you have sat here all day long and listened to the figures and come up here and say that you know something is cost effective is beyond me.

It is a total phony as far as I am concerned.

Do you want to reply to Mr. Beard? You have 2 minutes. But we have one more witness and I have a commitment.

Dr. SMITH. Yes, sir. Let me say that I know firsthand, being a graduate of the U.S. Military Academy that military education contributes to a soldier's function and his attitude and his performance as has been testified to today.

Those are intangible benefits which I have agreed to. What I am saying to the committee and what I said to the committee before was that the Secretary had to list his priorities. When he listed his priorities under medical care, he elected to acquire physicians through a program which, in terms of the numbers that we have, is more economical than the University program.

I think that is the sum and substance of what I can say. If you make a judgment on the bottom line, then that is the way you go.

Mr. BEARD. I will just close by saying I think somebody had better awaken the Secretary to the fact that at least the University will provide doctors in hand, sure things rather than all these beautiful assumptions and projections that no one can assure or give me bottom line figures on. At least these are real people that are going to be there. We had their names on the line and had them in our hands for a specific period of time.

I think it is time somebody started screaming that we have a problem rather than worrying about what the guy up there says, or worrying about tomorrow, or whether they are going to have an extra star or stripe on their sleeve and start shooting straight.

I am getting pretty darned fed up with witnesses that come before a committee and all of a sudden change their tune. I am not saying that you have done that because you have not been here before, but I think the contradiction between this letter and what you are now saying indicates it to me.

If the military and the OSD people would start waking up and realizing all they have to do is to let us know and let the American people know about the critical shape we are in, then maybe we can get some action. But as long as we have people going from one end to the other and saying it will all go away, then by gosh, we will never see an improved situation.

That is expressing my frustration. I am sitting up here depending on people to come and tell me what it is all about, and from one year to the other, I get a different thing.

I close with that, Mr. Chairman. I have got to go, too.

Dr. SMITH. We do have people in hand in the scholarship program. We have 3,584 physicians as of the 10th of March of 1977 in the scholarship program who will be available.

We have their name on the line.

Mr. BEARD. The Army sat there and stated that in the year 1978 or whatever, on an optimum projection, they are going to be approximately 1,200 doctors short. I cannot accept that 3,584. Has anyone stated to the Secretary of Defense we might need to consider going back to the draft?

Let's not get into that.

Dr. SMITH. Could I furnish you a copy of the physician shortages that we have?

Mr. BEARD. Please.

Dr. SMITH. Thank you.

PHYSICIAN ACCESSIONS DOD

	Fiscal year								
	1976	19TQ	1977	1978	1979	1980	1981	1982	1983
Authorized	11,583	11,648	11,703	11,687	11,726	11,726	11,726	11,726	11,726
Assigned	10,875	11,182	10,957	11,028	11,253	11,382	11,497	11,726	11,726
Shortfall	708	466	746	659	473	344	229	0	0
Accessions:									
Berry plan	1,406	819	395	123	25	6	0	0	0
AFHPSP	375	406	758	919	949	957	1,037	1,170	1,187
USUHS	0	0	0	0	0	0	0	0	0
Volunteers	658	351	1,010	1,056	875	875	789	643	653
Other	324	36	229	183	136	107	87	66	41
Total	2,763	1,612	2,392	2,281	1,985	1,945	1,913	1,879	1,881
Accessions goal	3,471	2,078	3,138	2,940	2,458	2,289	2,142	1,879	1,881

Mr. STRATTON. Thank you very much, Doctor. Our next witness is Mr. John Flinn.

[Witness duly sworn.]

Mr. STRATTON. On the 16th of March you were requested to inform the subcommittee of the basis for the statement "it even appears that DOD will be able to expand its physician strength by over 20 percent without the output of the medical school."

You said you would have to check into it. Have you done so?

FURTHER TESTIMONY OF JOHN FLINN, BUDGET ANALYST, OSD COMPTROLLER

Mr. FLINN. Yes, sir.

Mr. STRATTON. What was the basis for that statement?

Mr. FLINN. That was based on data included in a report provided to the Armed Services Committee back in July 1976. I have a copy of pertinent pages for the committee.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., March 25, 1977.

The following answer is provided in response to a question raised on the 16th of March 1977 relative to PBD No. 187. The PBD stated "it now appears that DOD will be able to expand its physician strengths by over 20 percent without the output of the medical school."

This statement was based on a review of data included in a Department of Defense Health Studies Task Force Report on Variable Incentive Pay for Medical Officers dated July 15, 1976. The report was forwarded to the Armed Services Committees. I have attached copies of pertinent pages.

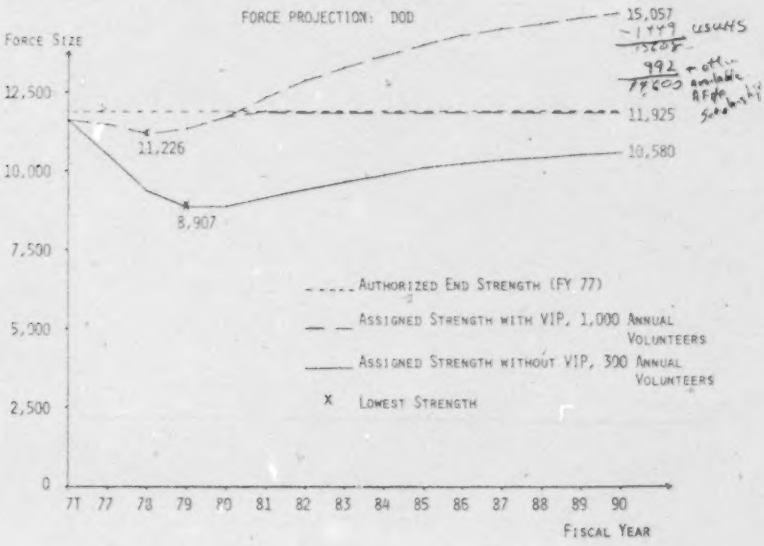
Chart 86 projects a 15,000 medical force strength by fiscal year 1990. The 15,000 included an estimate of 1,449 graduates from the University.

Additionally, there are approximately 992 dental scholarships offered by the Department which are not reflected in that data previously discussed. However, these scholarships could be granted in the medical area.

The following table details the derivation of the 20 percent:

Fiscal year 1990 medical force projection	15,057
Less University output	−1,449
Plus reclassification of dental scholarships to medical scholarships	+992
Revised medical force projection	14,600
Authorized end strength	11,925
Difference	2,675

In summary the revised medical force projection is 2,675 over the projected authorization estimate or 22 percent.



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In addition to the total number of volunteers obtained, it is useful to look at the number obtained in each of the clinical specialty groups. The data in chart 85 are the total number of volunteers for fiscal year 1975 plus through February of fiscal year 1976. As indicated on the previous chart, the Air Force has the largest number of accessions during this period, but the accessions of the other services are by no means negligible. The total number in DOD during this period is 980.

As previously indicated, the principal criterion in evaluating special pays for health professionals is whether they enable the uniformed services to meet authorized end strength. Authorized end strength, however, does not specify the quality, training, or experience of the force. Furthermore, authorized strength is not necessarily the most cost-effective level of military physician manpower. With these caveats in mind, force projections were made of the DOD physician force with and without VIP after fiscal year 77. The "with VIP" projections assume that the continuataion experience of the VIP period (October 1974

through September 1975) will be duplicated in the future, while the "without VIP" projections use fiscal year 1974 continuation experience. However, the use of the VIP period continuation experience may be an incorrect assumption because of four other factors. First, inflation has steadily eroded the value of VIP since it was enacted in May of 1974.

Second, the VIP period was somewhat special in that malpractice insurance became a very visible issue for civilian practitioners. Third, the state of the economy may have discouraged physicians form trying to establish a new practice. Fourth, a countervailing force may exist in the projected future increases in annual medical school graduations. This should result in a larger supply of physicians, which might make military physicians easier to retain (and recruit) in the future. However, it must be noted that the rapid increases in physicians per capita in the United States over the past twenty-five years seem to have had little effect on recruiting and retention problems. Thus the first three factors argue that future continuation experience may well be lower, while a fourth suggests that it is conceivable that it would be higher. In any event, these projections assume that the actual experience which was observed will continue.

Chart S6 shows the results of force projections for all three Medical Corps in DOD. The horizontal line consisting of small dashes represents the authorized end strength for fiscal year 1977 as it existed a few months ago. (This number changes quite frequently but will be approximately of this magnitude.) The solid line on the bottom represents the force projection for the three Medical Corps assuming that VIP is discontinued: that is, that DOD reverts to fiscal year 1974 continuation rates and that under these circumstances 300 volunteers per year may be obtained. The lines consisting of long dashes represent the force projections assuming the effect of VIP is maintained and that 1,000 annual volunteers may be obtained.[1] It should be noted that in fiscal year 1981 this long dashed line divides into two lines. The bottom level lies along the authorized line, and represents the assumption that DOD will continue to maintain a force size of 11,325. Alternatively, the dashed line can go above the authorized line reaching a force of over 15,000 by fiscal year 1990.

This represents the assumption that DOD will continue to obtain 1,000 volunteers per year plus our other accessions as now planned. The question of whether or not a substantial increase in authorized strength is a desirable policy is beyond the scope of this paper, but is the subject of current research by DOD.

Four conclusions can be derived from the analysis of the effectiveness of VIP. The first conclusion is that some factor or combination of factors substantially increased medical retention and voluntary accessions after VIP was enacted. Potential factors responsible for the increases include VIP, increased recruiting effort, increased visibility and cost of malpractice insurance, and the sluggish economy. Separation of the effects of these factors is impossible at present. However, a strong presumption exists that VIP has played a significant role in the observed increases. The second conclusion is that the greatest challenge in meeting DOD physician manpower requirements is yet to come. This will be in the late 1970's as the Berry Plan dwindles off to zero as a source of physician accessions, and the AFHP Scholarship Program has not yet reached its full effect. It should be stressed that even though the Program will reach the equilibrium number of graduates per year before the end of the 1970's, the full effect of the program will not be felt until these graduates have had a chance to establish the full pattern of the committed manyears in the force that they eventually will have. This will require four or more additional years to reach. The third conclusion is that if the effect of VIP is maintained as it existed during the VIP period, DOD will have the option by the 1980's of substantially increasing medical force size. As previously noted, the issue of whether a large force is desirable involves many factors, and is beyond the scope of this report. The final conclusion is that if the effect of VIP is not maintained, DOD will lose thousands of physician manyears, beginning immediately. These shortfalls will be especially critical during the remainder of this decade, but are likely to be serious enough to persist throughout the 1980's.

Mr. STRATTON. Please make that available to the committee. You were also directed on March 16 to return here with your file on the University of Health Sciences. You brought it with you?

[1] Because of their assumptions, these lines should be regarded as optimistic, "best case" projections.

Mr. FLINN. Yes, sir.

Mr. STRATTON. In preparing this document, did you consult with Mr. James Fish of the Office of Management and Budget?

Mr. FLINN. I said I did during the hearing of the 16th.

Mr. STRATTON. You said you did. Did you draft OP–53 or did Mr. Fish?

Mr. FLINN. I said it was a joint venture.

Mr. STRATTON. Well, is this like rabbit stew, one rabbit and one horse?

Who prepared most of it?

Mr. FLINN. I explained on the 16th that we review the defense medical programs. OP–53 is a document which relates to the OSD/OMB October budget review of the military departments. It had nothing to do with the decision that you are now looking into.

It was a separate action all together when Mr. Rumsfeld was Secretary of Defense.

Mr. STRATTON. What was Mr. Fish's contribution to the preparation of OP–53?

Mr. FLINN. We collaborated on writing the document. It was based on the GAO report as I said initially. I have an obligation to the Secretary to highlight those documents that became available to me that indicate that there is a possibility of a more cost-effective approach. I just propose alternatives. I don't make decisions.

Mr. STRATTON. It is not a very long document. Did one person take the pros and the other take the cons or something of that kind?

Mr. FLINN. I don't recall who wrote it initially. One of us wrote it and the other editorialized. It was a mutual effort.

Mr. STRATTON. Then did you come to write the follow-on document under the Brown administration?

Mr. FLINN. That follow-on document is just a result of the decision by the Secretary—and I assume by the President—to terminate the University. That was just a method of distributing that decision at that time.

Mr. STRATTON. Are you testifying that the decision was made and transmitted to you and then you wrote the PBD?

Mr. FLINN. No. I had said earlier, that I thought it was a good idea back in November and I put the paper back into the system. It was rewritten. I said I did not know who rewrote it. I assume it was rewritten up at the Secretary's level to make it a decision document reflecting his decision to terminate.

Mr. STRATTON. You put the document back into the system after Dr. Brown had taken over as Secretary of Defense?

Mr. FLINN. That is right.

Mr. STRATTON. In response to a request for recommendations?

Mr. FLINN. No formal request. I proposed the alternative on the assumption that defense would be going down.

Mr. STRATTON. Did Mr. Fish do the same thing in the Office of Management and Budget?

Mr. FLINN. That I truly do not know.

Mr. STRATTON. Did you not consult with him at the time and say maybe we have a chance to get this baby knocked out that we did not succeed in getting knocked out in November?

Mr. FLINN. I did not consult with him at that time. The transition paper was distributed during the same time period, however, I don't know who was involved with that paper.

Mr. STRATTON. Your testimony is that you did not consult with Mr. Fish on this matter at any time after the drafting of OP-53?

Mr. FLINN. As I said, OP-53 had nothing to do with Secretary Brown's decision.

Mr. STRATTON. I know that but that is a date, isn't it? You said you drafted these two documents. The two of you drafted this document back in November, right?

Mr. FLINN. That is right.

Mr. STRATTON. Did you at any time thereafter consult with Mr. Fish either in person or on the telephone with respect to the future of the Uniformed Servicecs University of Health Sciences?

Mr. FLINN. Not relative to Mr. Brown's decision.

Mr. STRATTON. I am not talking about "relative to Mr. Brown's decision." I said with respect to the University of Health Sciences?

Mr. FLINN. Relative to OP-53, yes. That was part of the decision under Secretary Rumsfeld. It had nothing to do with the decision we are talking about here today.

Mr. STRATTON. You did consult with Mr. Fish from time to time, then, after November 1976?

Mr. FLINN. Yes.

Mr. STRATTON. And did you consult with him after January 20, too?

Mr. FLINN. I talked to him periodically about many things.

Mr. STRATTON. Frequently?

Mr. FLINN. Yes, sir.

Mr. STRATTON. Thank you.

Any other questions?

Mr. Beard?

Mr. BEARD. No.

Mr. STRATTON. Mr. Lally?

Mr. LALLY. No.

Mr. STRATTON. Thank you very much, Mr. Flinn.

The committee will stand adjourned subject to call of the Chair. We thank the witnesses for bearing with us today.

[Whereupon, at 5:10 p.m., the subcommittee adjourned subject to call of the Chair.]

APPENDIX I

April 22, 1977

Dear Mr. Lance:

As you know, the House yesterday, by a vote of 250 to 162, supported continued funding for the Uniformed Services University of the Health Sciences.

In view of that vote, I believe there is no further need to continue the hearings of the Subcommittee on the University. Accordingly, you are hereby excused from your scheduled appearance before the Subcommittee on April 27th, and you are also excused from the production of the various records of the Office of Management and Budget relative to the decision to terminate the school, which the Subcommittee had requested.

Sincerely,

Samuel S. Stratton
Chairman

Mr. Bert Lance
Director
Office of Management and Budget
Executive Office Building
Washington, D. C. 20503

(159)

APPENDIX II

25 February 1977

The Honorable Melvin Price
United States House of
Representatives
Washington, D.C. 20515

Dear Mr. Price:

This letter is to voice my concern of the proposed closure of the Uniformed Services University of the Health Sciences as recommended by the Executive Branch.

The four most important issues are as follows:
1. Cost of training the students. It may be slightly cheaper to obtain students from civilian medical schools by paying stipends, tuition and fees in return for an obligated service. However, this is not necessarily the case. Medical schools are being forced to raise their tuitions considerably; e.g., George Washington and Georgetown. Both the Federal and State Governments subsidize medical schools. Since the buildings for USUHS are already being constructed, the money saved by closing the school would be for operations and research. This sum of $14,000,000 is less than most civilian medical schools since the majority of our faculty are already working at local institutions: Walter Reed Army Medical Center, National Naval Medical Center, Malcomb Grove Air Force Hospital, Walter Reed Army Institute of Research, Naval Medical Research Institute, Armed Forces Institute of Pathology, and the National Institutes of Health. Additionally, two new modern hospitals are under construction at the Walter Reed Army and National Naval Medical Centers, with ideal facilities planned for teaching students.

2. Medical school curriculum as applicable to the military medical officer. Curriculum in civilian medical schools has undergone many changes during the past few years. More elective time has been added and less emphasis is placed on teaching general medicine. The military has many independent medical duty billets with our operational forces. USUHS has included in it's curriculum training in those necessary areas, common skin and eye problems; orthopedic out patient care; ear, nose, and throat disorders; occupational hazards (some of which are unique to the military, such as aviation and underwater physiology); and tropical medicine. Tropical diseases which have been major problems in all of our recent conflicts are barely touched upon in the curriculum of civilian medical schools. USUHS was scheduled to be the focus for tropical medical research and training, making full use of the DOD overseas laboratories.

3. The ability of the military medical departments to recruit and retain good physicians. There should be no immediate difficulty in recruiting young physicians. As long as the cost of medical education remains high, students will accept our scholarships. However, almost

all will resign their commissions and return to civilian life as soon as their commitment has been repaid (two to four years). Without the opportunity to practice quality medicine and without good undergraduate and postgraduate training programs, many young medical officers and also better older physicians will resign. The financial rewards are greater in civilian practice and the draft is no longer available to replace the more senior individuals.

4. The quality of care in military hospitals (including Walter Reed Army Medical Center and National Naval Medical Center) and the ability of the military medical services to offer postgraduate training to medical professionals. There has been a marked reduction in personnel and funds available for the Medical Departments of the Army, Navy and Air Force during the past few years. Our hopes were that with the assistance of USUHS quality programs could be salvaged. USUHS has given us the opportunities and prestige which we have never before had. Physicians assigned to other DOD hospitals could look forward to a tour with USUHS during their career. This would improve retention of our medical officers and give us an ideal vehicle for continuing medical edugation.

USUHS is a very minor portion of the total DOD budget, but it is one of extreme importance to me, a dedicated member of the Naval Medical Corps for 17 years. I urge you to work for reinstating USUHS in the 1978 budget. If you need more information, President Packard or Dean Sanford would be pleased to supply this to you.

Thank you.

Sincerely,

G T Strickland

G. T. Strickland, M.D., Ph.D.
5624 Alta Vista Road
Bethesda, Maryland 20034

3 March 1977

Representative Price
Chairman, Committee on Armed Services
of the House of Representatives
Capitol Office Building
Washington, D. C. 20003

Dear Representative Price:

I am writing to you concerning the proposed cancellation of the Uniformed Services University of the Health Sciences. As a career member of the United States Naval Medical Corps I am deeply disturbed by the proposal to eliminate the medical school from the proposed budget for the next fiscal year. I feel it is appropriate that I express to you the reasons why I feel that the cancellation of the Uniformed Services University is an unwise step in an attempt to reduce military spending.

The attraction of qualified physicians for military service has long been a difficult problem. Though greatly improved by the variable incentive bonus, the financial rewards of military medicine cannot equal civilian medical practice. Instead, physicians are retained by virtue of having received their training within military medicine and by a sense of pride in the excellence of the medical care provided to the serviceman and his dependents. Approximately one percent of drafted physicians remain in military medicine. Of those physicians who receive internship and residency training in the Armed Service training the retension rate is approximately twenty-five percent. Estimates of expected retension for the graduates of the Uniformed Services University are seventy-five percent.

The establishment of this medical school by Congress after long years of investigation and debate has resulted in a new sense of pride and hope within the medical corps. Physicians who have planned to resign after their obligated service to seek a more academic environment have deferred those plans pending the outcome of this school. Many have looked upon this infant program as absolute proof of the establishment of a lasting, all volunteer, military system. The cancellation of this program will mark the end of any hope for a competent all volunteer system of medical care within the military. Congress will be then faced with three alternatives: provision of care by means of the very expensive and impersonal CHAMPUS system, deletion of medical care to military dependents, or finally, employment of poorly qualified physicians, many of whom will be foreign medical graduates.

As a career obstetrician and gynecologist in the Navy, I am fully aware of the impact my care of the serviceman's dependent's has on the performance of his duties. I have served aboard ship, separated from my family, and understand the impact on my performance of illness within my family. The Armed Services requires qualified military physicians who understand these unique relationships; less will not be adequate.

The first few months of operation of the Uniformed Services University has marked the beginning of real cooperation between the Army, Navy and Air Force medical departments. As this cooperation continues, greater efficiency of operation with less duplication of services will inevitably result. The Uniformed Services University will serve as a central building block for this cooperative effort.

I have attempted to express in this letter the importance of the Uniformed Services University in military medicine and the Armed Services as a whole. I write to you as a citizen and obviously do not speak officially for the Department of the Navy. I have, however, taken the liberty of enclosing a copy of material available from the Uniformed Services University. This material relating to relative cost is summarized in the enclosed pages.

Very respectfully,

Wm J Hoskins

CDR. Wm. J. HOSKINS, MC, USN
Department of Obstetrics and Gynecology
National Naval Medical Center
Bethesda, Maryland 20014

THE ROCKEFELLER UNIVERSITY
1230 YORK AVENUE NEW YORK, NEW YORK 10021

March 14,1977

Representative Stratton
The United States House of Representatives
Washington, D.C. 20510

Dear Representative Stratton:

I am greatly dismayed and shocked to learn that the Secretary of Defense, Harold Brown, has decided to close down the Uniformed Services University of Health at Bethesda, Md. I was offered a position in the Department of Pharmacology in late December at the University. In late January, I accepted Dean Sanford's offer and I signed a contract with him for the coming academic year as an Associate Professor at the new University. Because of this acceptance of their offer, I had started breaking off ties at the Rockefeller University. Because of my impending departure, I terminated the employment of my research associate in my laboratory and had myself stated winding things down in readiness to my move to Bethesda in June, 1977.

I have also had to rearrange my family life. My son is in private school in New York City and my other son was admitted for the coming school year. I had informed the school about their impending moves. Sonce I had decided to move to Bethesda, I also did not bother to apply for a tuition schlarship for the kids; which we were eligeble for. Thus if I dont now move to USUHS, I am going to be in great financial difficulties in the coming academic year.

There are decisions which were affected by the offer from USUHS. The major one was me turning down an attractive faculty position offered to me by the New york Medical College. I felt going to USUHS would be very challenging since it was a new Department and Chairman Aranow had attracted some very exciting new faculty members in the Department of Pharmacology. I feel it would be a great asset for American Medicine to retain this school.

I strongly urge you not to close down the Uniformed Services University of Health Sciences. Thanking you in anticipation.

Sincerely yours

Alvito P. Alvares

Alvito P. Alvares, Ph.D
Associate Professor

DEPARTMENT OF THE AIR FORCE
MALCOLM GROW USAF MEDICAL CENTER (MAC)
ANDREWS AIR FORCE BASE, D.C. 20331

14 March 1977

HQ USAF/SG (LGen George E. Schafer)
1000 Independence Avenue
Forrestal Building
Washington, DC 20314

Dear General Schafer

I am writing you as a concerned young physician dedicated to medical education. More specifically, I am a young, career Air Force Physician who has been deeply involved with the Uniformed Services University of the Health Sciences (USUHS) and am concerned about the recent publicity surrounding the USUHS.

When I first began hearing rumors and facts about the USUHS three years ago, I thought the Department of Defense (DOD) was making a big mistake in forming its own Medical School. I thought the costs were too high and that it would be an arena to amplify inter-service rivalries at the expense of medical education. I believed the Uniformed Services were best off by continuing the Health Professions Scholarship Program (HPSP) and looking for physician recruits from the civilian community.

Over the past six months, as a member of the faculty of the School of Medicine of the USUHS, my thoughts have changed. The Government Accounting Office (GAO) survey included many factors not previously considered in determining the cost of educating students at the USUHS and determined a more realistic figure. In the many faculty and committee meetings I have attended, I have been unimpressed with inter-service rivalry and impressed with an extremely cooperative attitude pervading all levels of the faculty. The final curriculum that has been established is as good as or better than that of most Medical Schools in the country including some items unique to the Uniformed Services. All the faculty seems interested in providing a quality education above all else.

I have been in professional contact with a small number of physicians attracted from the civilian community under the "Pony Express" program. Except for a few exceptions, I have not been impressed with their dedication to Military Medicine nor their practice of quality Medicine. I have also seen the recent increase in the number of Foreign Medical Graduates in postgraduate training programs in the Uniformed Services. If these two factors continue to grow in the Medical Corps, I foresee a decrease in the high standards of medical practice in the Uniformed Services. A rededication to training high quality, career-oriented physicians for the Uniformed Services (through the HPSP and USUHS) seems the only truly viable method to ensure an outstanding Medical Corps.

There are many "middle-career" physicians like myself who foresee a slow erosion and possible dissolution of the Medical Corps. If this is what the Department of Defense wants, fine. If not, a reaffirmation of various health care goals is necessary to attract and retain quality medical officers. The USUHS is one large step toward this. Its dissolution may affect retention of current "middle-career" medical officers who feel the Department of Defense has little interest in promoting medical education and an ongoing quality Medical Corps. While this is a small item in the DOD budget, it is certainly a large item in the "esprit de corps" of 12,000 members of the Uniformed Services.

Sincerely

Chris D. Marquart

CHRIS D. MARQUART, Major, USAF, MC
Chairman, Department of Family Practice
Chairman, Scientific Assembly Program
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2

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M. D. CHAMBERS, M.D. — J. D. MILAM, M.D.
H. B. HOEFFLER, M.D. — T. E. ROGERS, PH.D.
T. KLIMA, M.D. — H. J. SPJUT, M.D.
C. J. LIND, JR., M.D. — A. S. WILKENFELD, M.D.

March 18, 1977

The Honorable Melvin Price (IL-23)
United States House of Representatives
Washington, D. C. 20515

Dear Mr. Price:

You are an important member of the House Armed Services Committee, so I am writing to you and your fellow committeemen to ask that you all have hearings before any closing of the Uniformed Services University of the Health Sciences, and hear particularly the testimony of the active federal medical military personnel, such as the Surgeons General. Like all national defense, this is a nonpartisan issue.

An experienced and trained career medical officer is the heart of the cadre needed to arrange for medical support in wartime. In my opinion a medical school for the uniformed services is the surest and least costly way to educate these officers and to develop the loyalty that will keep them in the service.

I write because our past conflicts have shown us the increasing and almost imperative importance of medical support in modern warfare. I write also because I know you have an unselfish wish to do what is best for our nation

May God bless you in your service to your constituents, to your country and to mankind.

Respectfully yours,

Carl J. Lind, Jr.

Carl J. Lind, Jr., M.D.

CJL:kn

1227 E. Drachman St.
Tucson, AZ 85719
March 24, 1977

The Honorable Samuel S. Stratton
House of Representatives
Washington, D.C. 20515

Dear Representative Stratton:

Your chairmanship of the hearings into the Department of Defense decision to terminate the Uniformed Services University of the Health Sciences (USUHS) is most reassuring. Your opening statement is the first indication of serious consideration of important factors which Secretary Brown and other Pentagon officials seem to have ignored.

When the Secretary had time to consider facts brought to his attention after his first astonishing statement, I hoped that he would modify his position. It seems that he has not. A copy of a letter that I sent to him on February 28th is enclosed. You will see that you have addressed my concerns, and I am confident that the Subcommittee will have these matters investigated thoroughly. I am most relieved and grateful to know that this is so.

Sincerely,

Eleanor Johnson

Eleanor Johnson

encl.: copy of letter to
Secretary of Defense Brown

1227 E. Drachman St.
Tucson, Arizona 85719
February 28, 1977

Harold Brown, Ph.D.
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Mr. Secretary:

When I served as a civilian employee of the American Medical Association's Viet Nam Medical School Project, I was privileged to observe at close range many of the highly specialized requirements of military medicine. I also had the opportunity to participate in serious discussions concerning the best ways to train young doctors - either Vietnamese or American - in the necessary skills and attitudes. The 1968 Tet offensive demonstrated to me, all too directly and personally, the fact that civilian skills were not sufficient to enable doctors to cope with situations of mass disaster where triage, transportation, sanitation, group feeding, and other matters a civilian doctor rarely considers were paramount to keeping the situation under control.

I have worked in civilian medical schools before and since then, and I have become deeply interested in the development of the Uniformed Services University of the Health Sciences. I hope that you will be able to give the most serious consideration to a number of matters involved in the decision to abandon it. Among these matters are the following:

I. Credibility. The credibility of the military establishment will be diminished, and indeed government as a whole will suffer another loss of public confidence if contracts and agreements are revoked without notice, and before there has been time to study all aspects of the problem. The medical students currently enrolled in the Uniformed Services University of the Health Sciences believed that they had a commitment to and from the government. They were aware of severe penalties if they failed to fulfill any part of their contracts, and they have a right and an obligation to expect the contract to be fulfilled by the government.

The efforts to recruit candidates for the all-volunteer army will certainly be hindered as the Military's failure - in this and other instances - to keep enlistment promises becomes widely believed. On the other hand, this is one defense expenditure which could increase our credibility with allies and adversaries alike, since it is not an aggressive move, and the struggle against disease can benefit all of the people of the world.

The question of credibility is also tied in to the next category of Timing and Coordination. Medical students, residents, and doctors entering practice will be dubious about government promises and reluctant to participate in any government programs designed to provide health care to underserved areas.

II. Timing and Coordination. Even if the ultimate decision, reached following careful investigation of all relevant factors, is to end the U.S.U.H.S., a trial of at least two years would present a number of very real advantages. The fact that the Administration and the Nation are moving toward some form of National Health Insurance dictates a need for coordination of all efforts in the health care field. The experience of the military in providing total health care to a large, well-defined population is unique. It could serve as a laboratory for trying a variety of methods of health care delivery. Measures needed for preventive medicine, education of patients, large-scale nutrition and sanitation programs - all of these

and other measures could be tested for cost effectiveness in the military setting. They could then be considered for inclusion in the effort to contain spiraling costs of health care without adversely affecting the need to stimulate the economy. The academic setting and experience of the U.S.U.H.S. could make the planning and execution of such experiments far more effective.

The timing of the transfer of the present U.S.U.H.S. students would also be much more efficient after two years. Civilian medical schools can scarcely accommodate these students on short notice when places in next year's classes have already been filled. Transfer after completion of the two-year program in the basic sciences would be more effective for the students and more efficient for the schools that will be asked to accept them.

III. Failure to Meet Special Needs. Scholarship students in civilian medical schools will receive no introduction to special problems such as the logistics of medical evacuation, the coordination of public health measures, use of mass inoculations, implementation of emergency sanitation regulations and facilities, and other skills needed in minimizing the damage done by natural or man-caused disasters. Nor will they have early experience in learning and working as a member of a health care team. The Military has pioneered in the very successful use of many occupational specialties in the delivery of health care.

I recognize the time constraints which required submission of a budget so soon after you assumed office. I hope that you will have the opportunity to study a number of these matters more closely before Congressional budget hearings begin.

Sincerely,

Eleanor Johnson

pc: Sen. Barry Goldwater
Rep. Morris K. Udall

FLEET RESERVE ASSOCIATION

Representing All Enlisted Personnel of the
U.S. NAVY ☆ U.S. MARINE CORPS ☆ U.S. COAST GUARD

1303 New Hampshire Avenue, N.W., Washington, D.C. 20036 • (202) 785-2768

28 March 1977

The Honorable Samuel S. Stratton
Chairman, Subcommittee on Investigations
Committee on Armed Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the 131,000 members of the Fleet Reserve Association, I wish to make known our strong support for the continuation of the Uniformed Services University of the Health Sciences (USUHS).

The Administration's announced decision to terminate the University prior to September 30, 1977 has shocked the entire military community. The Administration has stated its decision is based wholly on economics. This is most difficult to rationalize. For example, they report a cost of $21,444 per staff year of expected physician services for the Scholarship Program as compared to $26,236 for the University. What they did not report is the fact that a Scholarship student is only obligated for 4-years service following completion of his training, whereas the University student acquires a 7-year obligation. Therefore, it will require the training of two (2) Scholarship students for each one (1) University student to gain the same period of military medical practice, thereby increasing the stated Scholarship Program costs.

Another factor not brought out is, under the able and dedicated leadership of the present Board of Regents for the University, the projected construction cost will be $13 million less than was originally appropriated by the Congress. This is the first time in recent history, that we are aware of, where a Government sponsored project has cost less than that appropriated. The Board of Regents are certainly to be commended for their fiscal responsibility. Furthermore, the first year's operating costs of the University is $4 million under budget projections.

Mr. Chairman, we feel that it is absolutely essential to continue with the University in order to provide for adequate medical doctors in the Uniformed Services. All knowledgeable parties in the military medical community agree that the school will eventually provide the Armed Forces with a cadre of career medical officers. We understand for example, that only one-and-one-half percent of the doctors recruited off the street or by the former

"Berry Plan" acquisitions remained in the military beyond their obligated service. It is estimated that fifty-percent of the University graduates will serve at least twenty-years in the military.

Another flaw in the Administration's rationale is the fact that of the nation's total number of doctors, seventy-five percent are specialists and only twenty-five percent are general practitioners.

For all of these compelling reasons, the USUHS should continue and we urge you to continue to probe into the fallacious economic rationale on which the Administration is basing its proposed closing of the school.

On behalf of the entire military community, we express sincere thanks for your endeavors to have the previously expressed will of the Congress to prevail in this matter.

With sincere regards, I remain in

Loyalty, Protection and Service,

Robert W. Nolan

ROBERT W. NOLAN
National Executive Secretary

RWN:tle

STATEMENT OF MAJOR GENERAL J. MILNOR ROBERTS, USAR-Ret., EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES, TO THE SUBCOMMITTEE ON INVESTIGATIONS OF THE HOUSE ARMED SERVICES COMMITTEE REGARDING THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES.

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to express our views on the subject of the Uniformed Services University of the Health Sciences. We of the Reserve Officers Association share your interest in USUHS and compliment you on your efforts in dealing with such a vital issue.

On 21 September 1972, Public Law 92-426 (Annex A) created USUHS for the express purpose of providing a reliable source of competently trained medical officers to bolster the dwindling supply of military physicians. This action was the culmination of several attempts with different bonus incentives to lure physicians into military service on a volunteer basis. Prior to this time, physicians either volunteered or were drafted into the medical corps and less than 1.5% remained beyond their first tour of active duty.

History clearly shows that DoD's physician recruiting program has not succeeded in achieving the accessions necessary. Of the 2,336 new physicians required for FY78, 1,218 will be obligees and 1,118 will have to come from other sources. It is estimated that at least 1/3 of the required volunteers will be graduates of foreign medical schools and mostly non-U.S. citizens. In their effort to recruit volunteers, DoD has planned on a budget of $3.94 million. As of this February, only 162 individuals have been recruited.....leaving a shortfall of 956! This shortage equates to an annual increase of $79,826,000 in CHAMPUS costs.

The Administration has justified its request for termination of USUHS on the basis of a cost savings. However, a June 1976 GAO study revealed that the alternatives to USUHS would actually exceed the cost of a USUHS graduate. GAO specifically cited the example of the existing DoD scholarship program which pays $21,444/year of the total federally subsidized cost of $32,068/year for a medical student. The cost for a USUHS student is $26,236/year. From a DoD budget standpoint, the USUHS cost is $4,819/year more than the scholarship program. However, this rationale neglects to recognize the fact that regardless of which agency is tasked with funding, the total cost to the American tax payer is still $4,819/year more for a scholarship student than for a USUHS student. A comparison with civilian medical schools shows their average cost per student to be $926/year higher than USUHS. This is further exacerbated by recent announcements of substantial increases in 1978 student tuition fees for numerous medical schools.

Another Administration argument for closure of USUHS is the savings from construction termination. USUHS has a construction cost underrun of $13.2 million. To close the school at this time will cost approximately $60 million. Total costs to completion are $72.6 million. The difference between termination and completion of less than $13 million hardly justifies such drastic action.

We believe that Congress should address the issue of USUHS in its relationship to the overall military posture of our country. Today our nation's Medical Corps Reserves are only 77% manned and less than 41% of those individuals are young people.

By 1983, USUHS will provide 158 graduates (19% of the projected shortage for that year) who will be the career cadre for mobilization. Because of their seven year military service obligation after graduation, a large number of graduates will remain on active duty or in the Reserve for a minimum of 20 years. The eventuality of such service is a national resource that is not currently available.

The retention of USUHS is vital to the future of our uniformed services and the nation. We therefore urge you to join with your colleagues on the Armed Services and Appropriations Committees, who have already expressed their position for retention of USUHS, and vote in favor of continued funding.